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Florida Power & Light Company, P. O. Box 14000, Juno Beach, FL 33408-0420

FPL

March 27, 2003

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COMMISSION
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VIA HAND DELIVERY

Blanca S. Bayó, Director
Division of the Commission Clerk &
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Florida Power & Light Company's Report of Consummation
Docket No. 011340-EI

Dear Ms. Bayó:

Enclosed are one signed and three conformed copies of Florida Power & Light Company's Report of Consummation in connection with the Application for Authority to Issue and Sell Securities during 2002, pursuant to Florida Statutes, Section 366.04 (Docket No. 011340-EI).

Very truly yours,

Paul Cutler

Paul I. Cutler
Treasurer

Enclosure

Copy to: W.G. Walker, III (w/o exhibits)

AUS ___
CAF ___
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CTR ___
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DOCKET NO. 011340-EI
ORDER NO. PSC-01-2310-FOF-EI

FLORIDA PUBLIC SERVICE COMMISSION
TALLAHASSEE, FLORIDA

REPORT OF CONSUMMATION

IN CONNECTION WITH

APPLICATION OF
FLORIDA POWER & LIGHT COMPANY
FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING 2002

Address communications in connection with this Report of Consummation to:

Paul I. Cutler
Treasurer
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408
Telephone (561) 694-6204

Date: March 27, 2003

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF FLORIDA POWER & LIGHT COMPANY
FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING 2002

REPORT OF CONSUMMATION

In compliance with the requirements of Rule 25-8.009, Florida Administrative Code and Order No. PSC-01-2310-FOF-EI, issued by the Commission on November 26, 2001 in the above-captioned matter (Docket No. 011340-EI), the Applicant, Florida Power & Light Company ("FPL"), hereby submits its Report of Consummation regarding transactions involving the issuance and sale of (i) $400,000,000 principal amount of First Mortgage Bonds, 4.85% Series due February 1, 2013 (the "4.85% Offered Bonds") and $200,000,000 principal amount of First Mortgage Bonds, 5.85% Series due February 1, 2033 (the "5.85% Offered Bonds"; and together with the 4.85% Offered Bonds, the "Offered Bonds") under FPL's registration statement filed pursuant to Rule 415 of the Rules and Regulations under the Securities Act of 1933, as amended (the "Securities Act"), (Registration No. 333-58630 which became effective April 18, 2001) and FPL's registration statement filed pursuant to Rule 462(b) of the Rules and Regulations under the Securities Act (Registration No. 333-101720 which became effective December 9, 2002) and (ii) commercial paper.

Florida Power & Light Company did not issue long term debt in 2002, other than the Offered Bonds. This Report of Consummation deals with the Offered Bonds and the commercial paper. It provides the information required for submission by Rule 25-8.009 of the Florida Administrative Code as follows:

(1) On December 13, 2002 (the closing date of the transaction), FPL sold, through a negotiated underwritten sale, $400,000,000 principal amount of the 4.85% Offered Bonds due February 1, 2013 and $200,000,000 principal amount of the 5.85% Offered Bonds due February 1, 2033. The proceeds received by FPL on December 13, 2002 were $595,188,000 in cash covering principal less discount and underwriting commissions.

(2) FPL regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. The commercial paper is issued pursuant to a Commercial Paper Dealer Agreement dated as of July 22, 1994, with Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.), and a similar arrangement with Merrill Lynch Money Markets Inc. The commercial paper is sold at a discount, including the underwriting discount of the commercial paper dealers, at a rate comparable to rates being paid in the commercial paper market by borrowers of similar creditworthiness. Given the frequency of these sales, it is not practicable to provide the details of each issue. However, FPL's 2002 commercial paper activity can be summarized as follows:

2002 Commercial Paper Activity
($ in thousands)

Commercial paper issued:	$5,139,445
Commercial paper matured:	$4,649,245
Average outstanding:	$317,867
Weighted average yield:	1.73%
Weighted average term:	24 days

FPL's credit facilities provide back-up for its commercial paper program. As of October 25, 2001, FPL entered into two new revolving credit facilities (the "2001 Credit Facilities") with banks and other lenders, $500 million of which had a 364-day term (subject to annual renewal at the discretion of the lenders) (the "2001 364-day Facility"), and $500 million of which has a three-year term. As of October 24, 2002, FPL entered into a new $478.5 million revolving credit facility (the "2002 Credit Facility") with banks and other lenders, which has a 364-day term (subject to annual renewal at the discretion of the lenders), and which replaced the 2001 364-day Facility. Borrowings under such credit facilities are available for general corporate purposes, including support of FPL's commercial paper program and support of FPL's self insurance program covering its transmission and distribution facilities. During 2002 no loans were made to FPL pursuant to the 2001 Credit Facilities or the 2002 Credit Facility.

For terms and conditions of issues: See Exhibits (a)-4, (a)-5 and (a)-6, as the case may be.

For a consolidated statement of capitalization: See Exhibit (c)-2.

For a statement of pretax interest coverage, together with debt interest: See Exhibit (c)-3.

Annual Preferred Stock dividend requirement for the fiscal year ended as of December 31, 2002: $14,762,250.

The other costs incurred to date by FPL in connection with the Offered Bonds are tabulated as follows:

	4.85% Offered Bonds	**5.85% Offered Bonds**
Filing Fees for Registration Statement	$89,467	$44,733
Legal, Accounting, Rating Agency and Trustee Fees	$284,312	$142,156
Printing & Miscellaneous (S-3, Prospectus, etc.)	$8,125	$4,063
Florida Taxes and Recording Fees	$1,511,846	$755,923
Underwriters' Commission	$2,600,000	$1,750,000
Total Costs	$4,493,750	$2,696,875

The other costs incurred to date by FPL in connection with the 2002 commercial paper issuances include fees related to legal, banking, credit ratings, printing, and other costs. The aggregate of these costs is less than $100,000.

There are other miscellaneous costs, which have not been reported to FPL as of this date, but it is the belief of FPL that any costs not so reported would be minor.

List of Exhibits (Corresponds to sections of Rule 25-8.009)

* (a)-1	Restated Articles of Incorporation of FPL dated March 23, 1992 were filed with the Florida Public Service Commission (FPSC) in connection with Docket No. 910904-EI as Exhibit (a)-1 of Report of Consummation No. 2.
* (a)-1A	Amendment to FPL's Restated Articles of Incorporation dated March 23, 1992 was filed with the FPSC in connection with Docket No. 910904-EI as Exhibit (a)-1A of Report of Consummation No. 2.
* (a)-1B	Amendment to FPL's Restated Articles of Incorporation dated May 11, 1992 was filed with the FPSC in connection with Docket No. 910904-EI as Exhibit (a)-1B of Report of Consummation No. 2.
* (a)-1C	Amendment to FPL's Restated Articles of Incorporation dated March 12, 1993 was filed with the FPSC in connection with Docket No. 920955-EI as Exhibit (a)-1C of Report of Consummation No. 1.
* (a)-1D	Amendment to FPL's Restated Articles of Incorporation dated June 16, 1993 was filed with the FPSC in connection with the 1994 Application of Florida Power & Light Company for authority to issue and sell securities Docket No. 930855-EI.
* (a)- 1E	Amendment to FPL's Restated Articles of Incorporation dated August 31, 1993 was filed with the FPSC in connection with Docket No. 920955-EI as Exhibit (a)-1E of Report of Consummation No. 6.
* (a)-1F	Amendment to FPL's Restated Articles of Incorporation dated November 30, 1993 was filed with the FPSC in connection with Docket No. 920955-EI as Exhibit (a)-1F of Report of Consummation No. 7.

* (a)-2	Mortgage and Deed of Trust dated as of January 1, 1944, between FPL and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), the Trustee, and One hundred and one Supplements thereto were filed with the FPSC as follows: Exhibit D, Docket No. 3417-EU; Exhibit D-1, Docket No. 3758-EU; Exhibit D-1A, Docket No. 4147-EU; Exhibit D-1B, Docket No. 4685-EU; Exhibit D-1C, Docket No. 4922-EU; Exhibit D-1D, Docket No. 5057-EU; Exhibit D-1E, Docket No. 5315-EU; Exhibit D-1F, Docket No. 5745-EU; Exhibit D-1G, Docket No. 5872-EU; Exhibit D-1H, Docket No. 6659-EU; Exhibit D-1I, Docket No. 7427-EU; Exhibit D-1J, Docket No. 7831-EU; Exhibit D-1K, Docket No. 8308-EU; Exhibit D-1L, Docket No. 8738-EU; Exhibit D-1M, Docket No. 9097-EU; Exhibit D-1N, Docket No. 9676-EU; Exhibit D-1O, Docket No. 9892-EU; Exhibit D-IP, Docket No. 69262-EU; Exhibit D-IQ, Docket No. 70255-EU; Exhibit D-1R, Docket No. 70565-EU; Exhibit D-1S, Docket No. 71363-EU; Exhibit D-1T, Docket No. 72281-EU; Exhibit D-1U, Docket No. 72685-EU; Exhibit D-1V, Docket No. 73428-EU; Exhibit D-1W, Docket No. 73743-EU; Exhibit D-1X, Docket No. 74249-EU; Exhibit D-1Y, Docket No. 750108-EU; Exhibit D-1Z, Docket No. 750201-EU; Exhibit D-2A, Docket No. 750439-EU; Exhibit D-3A, Docket No. 760335-EU; Exhibit D-3B, Docket No. 770929-EU (F1); Exhibit D-3C, Docket No. 770928-EU (F1); Exhibit D-3D, Docket No. 790592-EU; Exhibit D-3E, Docket No. 790830-EU; Exhibit D-3F, Docket No. 800082-EU(MC); Exhibit D-3G, Docket No. 800319-EU; Exhibit D-3H, Docket No. 800591-EU; Exhibits D-3I, D-3J, D-3K and D-3L, Docket No. 800755-EU(SS), Reports of Consummation Nos. 1, 3, 5 and 6 respectively; Exhibits (a)-3, (a)-4, Docket No. 810421-EU (SS), Reports of Consummation Nos. 1, 3 and 5 respectively; Exhibits (a)-3, Docket No. 820403-EU, Reports of Consummation Nos. 2 and 4, respectively; Exhibit (a)-4, Docket No. 830491-EI, Report of Consummation No. 3; Exhibits (a)-3, Docket No. 830445-EU, Reports of Consummation Nos. 1 and 4, respectively; Exhibits (a)-2A, (a)-2B and (a)2A, Docket No. 840353-EI, Reports of Consummation Nos. 1, 2 and 3, respectively; Exhibits (a)-2A and (a)-2B, Docket No. 850664-EI, Reports of Consummation Nos. 1, 2, 4 and 5, respectively; Exhibits (a)-2A, Docket No. 861209-EI, Reports of Consummation Nos. 2 and 3, respectively; Exhibits (a)-2A, Docket No. 870952-EI, Reports of Consummation Nos. 1, 2 and 3, respectively; Exhibit (a)-2A, Docket No. 881158-EI, Reports of Consummation Nos. 1 and 2, respectively; Exhibit (a)-2A and Exhibit (a)-2B, Docket No. 891104-EI, Report of Consummation

No. 2; Exhibit (a)-2A, Docket No. 891104-EI, Report of Consummation No. 3; Exhibit (a)-2A, Exhibit (a)-2B, Exhibit (a)-2C and Exhibit (a)-2D, Docket No. 900736-EI, Report of Consummation No. 2; Exhibit (a)-2A, Docket No. 900736-EI, Report of Consummation No. 3; Exhibit (a)-2A, Docket No. 910904-EI, Report of Consummation No. 3; Exhibit (a)-2A, Docket No. 910904-EI, Report of Consummation No. 2; Exhibit (a)-2B, Docket No. 910904-EI, Report of Consummation No. 3; Exhibit (a)-2A, Docket No. 910904-EI, Report of Consummation No. 5; Exhibit (a)-2A, Docket No. 910904-EI, Report of Consummation No. 7; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 1; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 3; Exhibit (a)-2B, Docket No. 920955-EI, Report of Consummation No. 3; Exhibit (a)-2C, Docket No. 920955-EI, Report of Consummation No. 3 and Exhibit (a)-2B, Docket No. 920955-EI, Report of Consummation No. 3; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 4; Exhibit (a)-2B, Docket No. 920955-EI, Report of Consummation No. 4 and Exhibit (a)-2C, Docket No. 920955-EI, Report of Consummation No. 4; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 6 and Exhibit (a)-2B, Docket No. 920955-EI, Report of Consummation No. 6; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 7; Exhibit (a)-2A, Docket No. 930855-EI, Report of Consummation No. 1; Exhibit (a)-2A, Docket No. 940912-EI, Report of Consummation No. 1; Exhibit (a)-2A, Docket No. 971304-EI, Report of Consummation; Exhibit (a)-3, Docket No. 981242-EI, Report of Consummation; Exhibit (a)-3D, Docket No. 991287-EI, Report of Consummation; Exhibit (a)-3E, Docket No. 991287-EI, Report of Consummation.

(a)-3 One Hundred Second Supplemental Indenture dated as of December 1, 2002 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the Offered Bonds.

(a)-4 For Prospectus and Prospectus Supplement relating to the Offered Bonds, see Exhibit (c)-1B.

* (a)-5 Commercial Paper Offering Memorandum dated November 16, 2001 of Banc One Capital Markets, Inc. was filed with the FPSC in connection with Docket No. 001510-EI as Exhibit (a)-1 of Report of Consummation.

* (a)-6	Commercial Paper Offering Memorandum dated November 16, 2001 of Merrill Lynch Money Markets Inc. was filed with the FPSC in connection with Docket No. 001510-EI as Exhibit (a)-2 of Report of Consummation.
(b)-1	Signed opinion of FPL's legal counsel with respect to the legality of the issue of the Offered Bonds.
(b)-1A	Signed opinion of FPL's legal counsel in respect to the legality of the issuance of the commercial paper.
(c)-1	Form S-3 Registration Statement (including Prospectus) pursuant to which the Offered Bonds were issued (Registration No. 333-58630 filed with the Securities and Exchange Commission on April 10, 2001).
(c)-1A	Form S-3 Registration Statement pursuant to which the Offered Bonds were issued (Registration No. 333-101720 filed with the Securities and Exchange Commission on December 9, 2002).
(c)-1B	Prospectus Supplement dated December 10, 2002 (including Prospectus) with respect to the Offered Bonds.
(c)-1C	Quarterly Report on Form 10-Q for the quarter ended on March 31, 2002.
(c)-1D	Quarterly Report on Form 10-Q for the quarter ended on June 30, 2002.
(c)-1E	Quarterly Report on Form 10-Q for the quarter ended on September 30, 2002.
(c)-1F	Annual Report on Form 10-K for the year ended December 31, 2002.
(c)-2	Consolidated Statement of Capitalization.
(c)-3	Computation of Ratio of Earnings to Fixed Charges.
(d)-1	Underwriting Agreement dated December 10, 2002 with respect to the Offered Bonds.
* (d)-2	Commercial Paper Dealer Agreement dated as of July 22, 1994 between FPL and Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.) was filed with the FPSC in connection with Docket No. 001510-EI as Exhibit (d)-1 of Report of Consummation.
(e)-1	Statement as to Underwriters' Fees. See Exhibit (c)-1B, Page S-1 (as to fee) and Page S-10 (as to Underwriters) of the Prospectus Supplement with respect to the Offered Bonds.

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

Wachovia Securities, Inc.
301 South College Street
Charlotte, N.C. 28288

Banc of America Securities LLC
100 North Tryon Street
Charlotte, N.C. 28255

SunTrust Capital Markets, Inc.
303 Peachtree Street
23rd Floor
Atlanta, Georgia 30327

Banc One Capital Markets, Inc.
1 Bank One Plaza
Suite IL1-0595
Chicago, IL 60670

Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
New York, N.Y. 10080

(e)-2 Statement as to Placement Agents/Dealers' Fees.

(1) Banc One Capital Markets, Inc. and Merrill Lynch Money Markets Inc. act as private placement agents and/or dealers with respect to the commercial paper, in return for which they receive fees based on the differential between the bid and ask price for the commercial paper.

Banc One Capital Markets, Inc.
1 Bank Plaza,
Mail Suite 1L1-0033
Chicago, IL 60670-0033

Merrill Lynch Money Markets Inc.
World Financial Center
North Tower
New York, N.Y. 10281-1311

(2) None.

(3) No affiliation.

(4) Commercial paper dealers' agreements, and the use of placement agents/dealers in public company commercial paper programs, is standard practice, and the fees charged are consistent with fees charged to companies of similar creditworthiness for commercial paper transactions. The services provided by the placement agents/dealers are described in Exhibit (d)-2.

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* Incorporated by reference.

Respectfully submitted this 27th day of March, 2003.

FLORIDA POWER & LIGHT COMPANY

By: -/s/ Paul I. Cutler
Paul I. Cutler
Treasurer

This instrument was prepared by:
Paul I. Cutler
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

FLORIDA POWER & LIGHT COMPANY

to

DEUTSCHE BANK TRUST COMPANY AMERICAS

(formerly known as Bankers Trust Company)

As Trustee under Florida Power & Light Company's Mortgage and Deed of Trust, Dated as of January 1, 1944.

One Hundred Second Supplemental Indenture

Relating to $400,000,000 Principal Amount of First Mortgage Bonds, 4.85% Series due February 1, 2013

and

Relating to $200,000,000 Principal Amount of First Mortgage Bonds, 5.85% Series due February 1, 2033

Dated as of December 1, 2002

This Supplemental Indenture has been executed in several counterparts, all of which constitute but one and the same instrument. This Supplemental Indenture has been recorded in several counties and documentary stamp taxes as required by law in the amount of $2,100,000, and non-recurring intangible taxes as required by law in the amount of $164,797 were paid on the Supplemental Indenture recorded in the public records of Palm Beach County, Florida.

Note to Examiner: The new bonds ("New Bonds") being issued in connection with this Supplemental Indenture are secured by real property and personal property located both within Florida and outside of Florida. The aggregate fair market value of the collateral exceeds the aggregate principal amount of (y) the New Bonds plus (z) the other outstanding bonds secured by the mortgage supplemented hereby and all previous supplemental indentures thereto. The intangible tax has been computed pursuant to Section 199.133 (2), Florida Statutes, by (i) determining the percentage of the aggregate fair market value of the collateral constituting real property situated in Florida and by multiplying that percentage times the principal amount of the New Bonds (the result hereinafter defined as the "Tax Base") and (ii) multiplying the tax rate times the Tax Base.

ONE HUNDRED SECOND SUPPLEMENTAL INDENTURE

INDENTURE, dated as of the first day of December, 2002, made and entered into by and between FLORIDA POWER & LIGHT COMPANY, a corporation of the State of Florida, whose post office address is 700 Universe Boulevard, Juno Beach, Florida 33408 (hereinafter sometimes called FPL), and DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company), a corporation of the State of New York, whose post office address is 280 Park Avenue, New York, New York 10018, Attn: Boris Treyger (hereinafter called the Trustee), as the one hundred second supplemental indenture (hereinafter called the One Hundred Second Supplemental Indenture) to the Mortgage and Deed of Trust, dated as of January 1, 1944 (hereinafter called the Mortgage), made and entered into by FPL, the Trustee and The Florida National Bank of Jacksonville, as Co-Trustee (now resigned), the Trustee now acting as the sole trustee under the Mortgage, which Mortgage was executed and delivered by FPL to secure the payment of bonds issued or to be issued under and in accordance with the provisions thereof, reference to which Mortgage is hereby made, this One Hundred Second Supplemental Indenture being supplemental thereto;

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the first series) issued thereunder shall be established by Resolution of the Board of Directors of FPL and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon FPL by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and FPL may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or FPL may cure any ambiguity contained therein, or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said first series, by an instrument in writing executed and acknowledged by FPL in such manner as would be necessary to entitle a conveyance of real estate to be recorded in all of the states in which any property at the time subject to the Lien of the Mortgage shall be situated; and

WHEREAS, FPL now desires to create two series of bonds described in Articles I and II hereof and to add to its covenants and agreements contained in the Mortgage certain other covenants and agreements to be observed by it and to alter and amend in certain respects the covenants and provisions contained in the Mortgage; and

WHEREAS, the execution and delivery by FPL of this One Hundred Second Supplemental Indenture, and the terms of the bonds, hereinafter referred to in Articles I and II, have been duly authorized by the Board of Directors of FPL by appropriate resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That FPL, in consideration of the premises and of One Dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustee and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto Deutsche Bank Trust Company Americas, as Trustee under the Mortgage, and to its successor or successors in said trust, and to said Trustee and its successors and assigns forever, all property, real, personal and mixed, acquired by FPL after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned (except any properties heretofore released pursuant to any provisions of the Mortgage and in the process of being sold or disposed of by FPL) or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by FPL and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing) all lands, power sites, flowage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric, gas and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels, and choses in action; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of FPL in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which

FPL now has or may hereinafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by FPL that, subject to the provisions of Section 87 of the Mortgage, all the property, rights, and franchises acquired by FPL after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted) shall be and are as fully granted and conveyed hereby and as fully embraced within the Lien of the Mortgage, as if such property, rights and franchises were now owned by FPL and were specifically described herein and conveyed hereby.

PROVIDED that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the Lien and operation of this One Hundred Second Supplemental Indenture and from the Lien and operation of the Mortgage, as heretofore supplemented, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel (including Nuclear Fuel unless expressly subjected to the Lien and operation of the Mortgage by FPL in a future Supplemental Indenture), oil and similar materials and supplies consumable in the operation of any properties of FPL; rolling stock, buses, motor coaches, automobiles and other vehicles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; (4) the last day of the term of any lease or leasehold which may hereafter become subject to the Lien of the Mortgage; (5) electric energy, gas, ice, and other materials or products generated, manufactured, produced or purchased by FPL for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties; (6) FPL's franchise to be a corporation; and (7) the properties already sold or in the process of being sold by FPL and heretofore released from the Mortgage and Deed of Trust, dated as of January 1, 1926, from Florida Power & Light Company to Bankers Trust Company and The Florida National Bank of Jacksonville, trustees, and specifically described in three separate releases executed by Bankers Trust Company and The Florida National Bank of Jacksonville, dated July 28, 1943, October 6, 1943 and December 11, 1943, which releases have heretofore been delivered by the said trustees to FPL and recorded by FPL among the Public Records of all Counties in which such properties are located; provided, however, that the property and rights expressly excepted from the Lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by FPL as aforesaid, or intended so to be, unto Deutsche Bank Trust Company Americas, the Trustee, and its successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the

Mortgage, as heretofore supplemented, this One Hundred Second Supplemental Indenture being supplemental thereto.

AND IT IS HEREBY COVENANTED by FPL that all terms, conditions, provisos, covenants and provisions contained in the Mortgage shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of FPL and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors as Trustee of said property in the same manner and with the same effect as if said property had been owned by FPL at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustee, by the Mortgage as a part of the property therein stated to be conveyed.

FPL further covenants and agrees to and with the Trustee and its successors in said trust under the Mortgage, as follows:

ARTICLE I
Ninety-ninth Series of Bonds

Section 1. (I) There shall be a series of bonds designated "4.85% Series due February 1, 2013", herein sometimes referred to as the "Ninety-ninth Series", each of which shall also bear the descriptive title First Mortgage Bond, and the form thereof, which shall be established by Resolution of the Board of Directors of FPL, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the Ninety-ninth Series shall mature on February 1, 2013 and shall be issued as fully registered bonds in denominations of One Thousand Dollars and, at the option of FPL, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof); they shall bear interest at the rate of 4.85% per annum, payable semi-annually on February 1 and August 1 of each year (each an "Interest Payment Date for the Ninety-ninth Series") commencing on February 1, 2003; the principal of and interest on each said bond to be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the Ninety-ninth Series shall be dated as in Section 10 of the Mortgage provided. The record date for payments of interest on any Interest Payment Date for the Ninety-ninth Series shall be the close of business on (1) the business day immediately preceding such Interest Payment Date for the Ninety-ninth Series so long as the bonds of the Ninety-ninth Series are registered in the name of The Depository Trust Company or its nominee or (2) the 15th calendar day immediately preceding each Interest Payment Date for the Ninety-ninth Series if the bonds of the Ninety-ninth Series are not registered in the name of The Depository Trust Company or its nominee. Interest on the bonds of the Ninety-ninth Series will accrue from and including December 13, 2002 to and excluding the first Interest Payment Date for the Ninety-ninth Series and, thereafter, interest on each bond of the Ninety-ninth Series will accrue from and including the last Interest Payment Date for the Ninety-ninth Series to which interest has paid or duly provided for. No interest will accrue on a bond of the Ninety-ninth Series for the day on which such bond matures. The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full semi-annual period for which

interest is computed will be computed on the basis of the number of days in the period using 30-day calendar months.

(II) Bonds of the Ninety-ninth Series shall be redeemable either at the option of FPL or pursuant to the requirements of the Mortgage (including, among other requirements, the application of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 64 of the Mortgage or with proceeds of Released Property) in whole at any time, or in part from time to time, prior to maturity, upon notice, as provided in Section 52 of the Mortgage, mailed at least thirty (30) days prior to the date fixed for redemption (the "Redemption Date"), at a price (the "Redemption Price") equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the Redemption Date plus a premium, if any (the "Make-Whole Premium"). In no event will the Redemption Price be less than 100% of the principal amount of the bonds of the Ninety-ninth Series being redeemed plus accrued and unpaid interest to the Redemption Date.

The amount of the Make-Whole Premium with respect to any bond of the Ninety-ninth Series (or portion thereof) to be redeemed will be equal to the excess, if any, of:

(1) the sum of the present values, calculated as of the Redemption Date, of:

a. each interest payment that, but for such redemption, would have been payable on the bond of the Ninety-ninth Series (or portion thereof) being redeemed on each Interest Payment Date for the Ninety-ninth Series occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date); and

b. the principal amount that, but for such redemption, would have been payable at the final maturity of the bond of the Ninety-ninth Series (or portion thereof) being redeemed; over

(2) the principal amount of the bond of the Ninety-ninth Series (or portion thereof) being redeemed.

The present values of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Treasury Yield for the Ninety-ninth Series (as defined below) plus 15 basis points.

The Make-Whole Premium will be calculated by an independent investment banking institution of national standing appointed by FPL; *provided* that if FPL fails to make such appointment at least 30 days prior to the Redemption Date, or if the institution so appointed is unwilling or unable to make such calculation, such calculation will be made by J.P. Morgan Securities Inc. or Salomon Smith Barney Inc. or, if both such firms are unwilling or unable to make such calculation, by an independent investment banking institution of national standing appointed by the Trustee at the expense of FPL (in any such case, an "Independent Investment Banker").

For purposes of determining the Make-Whole Premium, "Treasury Yield for the Ninety-ninth Series" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the bonds of the Ninety-ninth Series to be redeemed, calculated to the nearest 1/12th of a year (the "Remaining Term for the Ninety-ninth Series"). The Treasury Yield for the Ninety-ninth Series will be determined as of the third business day immediately preceding the applicable Redemption Date.

The weekly average yields of United States Treasury Notes will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for the United States Treasury Notes having a constant maturity that is the same as the Remaining Term for the Ninety-ninth Series, then the Treasury Yield for the Ninety-ninth Series will be equal to such weekly average yield. In all other cases, the Treasury Yield for the Ninety-ninth Series will be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Notes that have a constant maturity closest to and greater than the Remaining Term for the Ninety-ninth Series and the United States Treasury Notes that have a constant maturity closest to and less than the Remaining Term for the Ninety-ninth Series (in each case as set forth in the H.15 Statistical Release). Any weekly average yields so calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Notes are not available in the H.15 Statistical Release or otherwise, then the Treasury Yield for the Ninety-ninth Series will be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

(III) At the option of the registered owner, any bonds of the Ninety-ninth Series, upon surrender thereof for exchange at the office or agency of FPL in the Borough of Manhattan, The City of New York, together with a written instrument of transfer wherever required by FPL, duly executed by the registered owner or by his duly authorized attorney, shall (subject to the provisions of Section 12 of the Mortgage) be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the Ninety-ninth Series shall be transferable (subject to the provisions of Section 12 of the Mortgage) at the office or agency of FPL in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the Ninety-ninth Series, FPL may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but FPL hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of the Ninety-ninth Series.

ARTICLE II
One Hundredth Series of Bonds

Section 2. (I) There shall be a series of bonds designated "5.85% Series due February 1, 2033", herein sometimes referred to as the "One Hundredth Series", each of which shall also

bear the descriptive title First Mortgage Bond, and the form thereof, which shall be established by Resolution of the Board of Directors of FPL, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the One Hundredth Series shall mature on February 1, 2033 and shall be issued as fully registered bonds in denominations of One Thousand Dollars and, at the option of FPL, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof); they shall bear interest at the rate of 5.85% per annum, payable semi-annually on February 1 and August 1 of each year (each an "Interest Payment Date for the One Hundredth Series") commencing on February 1, 2003; the principal of and interest on each said bond to be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the One Hundredth Series shall be dated as in Section 10 of the Mortgage provided. The record date for payments of interest on any Interest Payment Date for the One Hundredth Series shall be the close of business on (1) the business day immediately preceding such Interest Payment Date for the One Hundredth Series so long as the bonds of the One Hundredth Series are registered in the name of The Depository Trust Company or its nominee or (2) the 15th calendar day immediately preceding each Interest Payment Date for the One Hundredth Series if the bonds of the One Hundredth Series are not registered in the name of The Depository Trust Company or its nominee. Interest on the bonds of the One Hundredth Series will accrue from and including December 13, 2002 to and excluding the first Interest Payment Date for the One Hundredth Series and, thereafter, interest on each bond of the One Hundredth Series will accrue from and including the last Interest Payment Date for the One Hundredth Series to which interest has paid or duly provided for. No interest will accrue on a bond of the One Hundredth Series for the day on which such bond matures. The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full semi-annual period for which interest is computed will be computed on the basis of the number of days in the period using 30-day calendar months.

(II) Bonds of the One Hundredth Series shall be redeemable either at the option of FPL or pursuant to the requirements of the Mortgage (including, among other requirements, the application of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 64 of the Mortgage or with proceeds of Released Property) in whole at any time, or in part from time to time, prior to maturity, upon notice, as provided in Section 52 of the Mortgage, mailed at least thirty (30) days prior to the Redemption Date, at the Redemption Price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the Redemption Date plus the Make-Whole Premium, if any. In no event will the Redemption Price be less than 100% of the principal amount of the bonds of the One Hundredth Series being redeemed plus accrued and unpaid interest to the Redemption Date.

The amount of the Make-Whole Premium with respect to any bond of the One Hundredth Series (or portion thereof) to be redeemed will be equal to the excess, if any, of:

(1) the sum of the present values, calculated as of the Redemption Date, of:

a. each interest payment that, but for such redemption, would have been payable on the bond of the One Hundredth Series (or portion thereof)

being redeemed on each Interest Payment Date for the One Hundredth Series occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date); and

b. the principal amount that, but for such redemption, would have been payable at the final maturity of the bond of the One Hundredth Series (or portion thereof) being redeemed; over

(2) the principal amount of the bond of the One Hundredth Series (or portion thereof) being redeemed.

The present values of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Treasury Yield for the One Hundredth Series (as defined below) plus 20 basis points.

The Make-Whole Premium will be calculated by an Independent Investment Banker appointed by FPL; *provided* that if FPL fails to make such appointment at least 30 days prior to the Redemption Date, or if the institution so appointed is unwilling or unable to make such calculation, such calculation will be made by J.P. Morgan Securities Inc. or Salomon Smith Barney Inc. or, if both such firms are unwilling or unable to make such calculation, by an Independent Investment Banker appointed by the Trustee at the expense of FPL.

For purposes of determining the Make-Whole Premium, "Treasury Yield for the One Hundredth Series" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the bonds of the One Hundredth Series to be redeemed, calculated to the nearest 1/12th of a year (the "Remaining Term for the One Hundredth Series"). The Treasury Yield for the One Hundredth Series will be determined as of the third business day immediately preceding the applicable Redemption Date.

The weekly average yields of United States Treasury Notes will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release. If the H.15 Statistical Release sets forth a weekly average yield for the United States Treasury Notes having a constant maturity that is the same as the Remaining Term for the One Hundredth Series, then the Treasury Yield for the One Hundredth Series will be equal to such weekly average yield. In all other cases, the Treasury Yield for the One Hundredth Series will be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Notes that have a constant maturity closest to and greater than the Remaining Term for the One Hundredth Series and the United States Treasury Notes that have a constant maturity closest to and less than the Remaining Term for the One Hundredth Series (in each case as set forth in the H.15 Statistical Release). Any weekly average yields so calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Notes are not available in

the H.15 Statistical Release or otherwise, then the Treasury Yield for the One Hundredth Series will be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

(III) At the option of the registered owner, any bonds of the One Hundredth Series, upon surrender thereof for exchange at the office or agency of FPL in the Borough of Manhattan, The City of New York, together with a written instrument of transfer wherever required by FPL, duly executed by the registered owner or by his duly authorized attorney, shall (subject to the provisions of Section 12 of the Mortgage) be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the One Hundredth Series shall be transferable (subject to the provisions of Section 12 of the Mortgage) at the office or agency of FPL in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the One Hundredth Series, FPL may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but FPL hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of the One Hundredth Series.

ARTICLE III
Dividend Covenant

Section 3. Section 3 of the Third Supplemental Indenture, as heretofore amended, is hereby further amended by inserting the words "or Ninety-ninth Series or One Hundredth Series" immediately before the words "remain Outstanding".

ARTICLE IV
Miscellaneous Provisions

Section 4. Subject to the amendments provided for in this One Hundred Second Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this One Hundred Second Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

Section 5. The holders of bonds of the Ninety-ninth Series and One Hundredth Series consent that FPL may, but shall not be obligated to, fix a record date for the purpose of determining the holders of bonds of the Ninety-ninth Series and One Hundredth Series entitled to consent to any amendment, supplement or waiver. If a record date is fixed, those persons who were holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

Section 6. The Trustee hereby accepts the trust herein declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this One Hundred Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by FPL solely. In general, each and every term and condition contained in Article XVII of the Mortgage, as heretofore amended, shall apply to and form part of this One Hundred Second Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this One Hundred Second Supplemental Indenture.

Section 7. Whenever in this One Hundred Second Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, as heretofore amended, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this One Hundred Second Supplemental Indenture contained by or on behalf of FPL, or by or on behalf of the Trustee, or either of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

Section 8. Nothing in this One Hundred Second Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this One Hundred Second Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this One Hundred Second Supplemental Indenture contained by or on behalf of FPL shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and coupons Outstanding under the Mortgage.

Section 9. The Mortgage, as heretofore supplemented and amended and as supplemented hereby, is intended by the parties hereto, as to properties now or hereafter encumbered thereby and located within the State of Georgia, to operate and is to be construed as granting a lien only on such properties and not as a deed passing title thereto.

Section 10.This One Hundred Second Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, FPL has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK TRUST COMPANY AMERICAS has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or Assistant Vice Presidents, and its corporate seal to be attested by one of its Assistant Vice Presidents, one of its Assistant Secretaries or one of its Associates, all as of the day and year first above written.

FLORIDA POWER & LIGHT COMPANY

By: _____
K. M. Davis
Vice President, Accounting, Controller
and Chief Accounting Officer
9250 West Flagler Street
Miami, FL 33102

Attest: _____
Paul I. Cutler
Assistant Treasurer and Assistant Secretary
700 Universe Boulevard
Juno Beach, FL 33408

Executed, sealed and delivered by
FLORIDA POWER & LIGHT COMPANY
in the presence of:

_____

_____

DEUTSCHE BANK TRUST COMPANY AMERICAS
As Trustee

By: _____
Richard L. Buckwalter
Vice President
100 Plaza One, MS JCY03-0603
Jersey City, NJ 07311

Attest: _____
Boris Treyger
Associate
100 Plaza One, MS JCY03-0603
Jersey City, NJ 07311

Executed, sealed and delivered
by DEUTSCHE BANK TRUST COMPANY AMERICAS
in the presence of:

_____ _____
Luigi Saccamone Corey Calabrese

STATE OF FLORIDA }
COUNTY OF PALM BEACH } SS:

On the 10th day of December, in the year 2002, before me personally came K. M. Davis, to me known, who, being by me duly sworn, did depose and say that he resides at 1101 N.W. 115th Ave., Plantation, FL 33323; that he is the Vice President, Accounting, Controller and Chief Accounting Officer of FLORIDA POWER & LIGHT COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

I HEREBY CERTIFY, that on this 10th day of December, 2002, before me personally appeared K. M. Davis and Paul I. Cutler, respectively, the Vice President, Accounting, Controller and Chief Accounting Officer and the Assistant Treasurer and Assistant Secretary of FLORIDA POWER & LIGHT COMPANY, a corporation under the laws of the State of Florida, to me known to be the persons described in and who executed the foregoing instrument and severally acknowledged the execution thereof to be their free act and deed as such officers, for the uses and purposes therein mentioned; and that they affixed thereto the official seal of said corporation, and that said instrument is the act and deed of said corporation.

K. M. Davis and Paul I. Cutler produced Florida Driver's License No. D120-513-46-467 and Florida Driver's License No. C346-689-59-470 as identification, respectively.

WITNESS my signature and official seal at Juno Beach, in the County of Palm Beach, and State of Florida, the day and year last aforesaid.

Lisa Breeze Fox

NOTARY PUBLIC STATE OF FLORIDA
LISA BREEZE-FOX
Commission # DD0118785
Expires 5/19/2006
Bonded through
(800-432-4254) Florida Notary Assn., Inc.

STATE OF NEW JERSEY)
) SS:
COUNTY OF HUDSON)

On the 6th day of December, in the year 2002, before me personally came Richard L. Buckwalter, to me known, who, being by me duly sworn, did depose and say that he resides at 411 12th Street, Brooklyn, NY 11215; that he is a Vice President of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed her name thereto by like order.

I HEREBY CERTIFY, that on this 6th day of December, 2002, before me personally appeared Richard L. Buckwalter and Boris Treyger, respectively, a Vice President and an Associate of DEUTSCHE BANK TRUST COMPANY AMERICAS, a corporation under the laws of the state of New York, to me known to be the persons described in and who executed the foregoing instrument and severally acknowledged the execution thereof to be their free act and deed as such officers, for the uses and purposes therein mentioned; and that they affixed thereto the official seal of said corporation, and that said instrument is the act and deed of said corporation.

Richard L. Buckwalter and Boris Treyger produced New York Driver's License No. 981 496 172 and New York Driver's License No. 566 157 657 as identification, respectively

WITNESS my signature and official seal at Jersey City, in the County of Hudson, and State of New Jersey, the day and year last aforesaid.

NELSON KERCADO
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES 2007

STEEL
HECTOR
&DAVIS
LIMITED LIABILITY PARTNERSHIP

Steel Hector & Davis LLP
200 South Biscayne Boulevard
Miami, Florida 33131-2398
305.577.7000
305 577.7001 Fax
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March 26, 2003

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Re: Issuance and sale by Florida Power & Light Company (the "Company") of $400,000,000 Principal Amount of First Mortgage Bonds, 4.85% Series due February 1, 2013 and $200,000,000 Principal Amount of First Mortgage Bonds, 5.85% Series due February 1, 2033 (Florida Public Service Commission Docket No. 011340-EI)

Ladies and Gentlemen:

This opinion relates to: (a) the application which was filed by you with the Florida Public Service Commission (the "Commission") on October 5, 2001; (b) Order No. PSC-01-2310-FOF-EI issued by the Commission on November 26, 2001 (the "Order"); and (c) the issuance and sale by the Company of (1) $400,000,000 principal amount of its First Mortgage Bonds, 4.85% Series due February 1, 2013 and (2) $200,000,000 principal amount of its First Mortgage Bonds, 5.85% Series due February 1, 2033 (collectively, the "Bonds"), authorized to be issued by the Order.

The Bonds have been duly and validly authorized by all necessary corporate action on the part of the Board of Directors of the Company, have been duly issued for value and are valid and binding obligations of the Company in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, fraudulent conveyance, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

In rendering the foregoing opinion, we have assumed that the Bonds conform to specimens examined by us and have been duly authenticated by Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), the Trustee under the Mortgage and Deed of Trust dated as of January 1, 1944, as the same is supplemented by one hundred and two indentures supplemental thereto, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We are members of the Florida Bar and do not hold ourselves out as experts on the laws of any other state, and accordingly, this opinion is limited to the laws of Florida and the federal laws of the United States insofar as they bear on matters covered hereby. As to all matters of New York law, we have relied, with your consent, upon an opinion dated as of December 13, 2002 by Thelen Reid & Priest LLP, New York, New York addressed to J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. and the other underwriters of the initial sale of the Bonds.

We hereby consent to the delivery of this opinion to the Florida Public Service Commission.

Very truly yours,

Steel Hector & Davis LLP

Steel Hector & Davis LLP

MIA2001 199621v2

EXHIBIT (b) – 1A

REID & PRIEST
40 WEST 57TH STREET
NEW YORK, N.Y. 10019-4097
212 603-2000

WASHINGTON OFFICE
MARKET SQUARE
701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004
202 508-4000
TELEX: 440630 RP WASH
FACSIMILE: 202 508-4321

NEW YORK OFFICE
CABLE ADDRESS: "REIDAPT"
TELEX: 710581701 REPT NYK
220334 REPT UR
FACSIMILE: 212 603-2999
DIRECT DIAL NUMBER

New York, New York
July 22, 1994

First Chicago Capital Markets, Inc.
One First National Plaza
Suite 0595
Chicago, Illinois 60670-0595

Ladies and Gentlemen:

We are counsel to Florida Power & Light Company (the "Company") and have represented the Company in connection with the proposed issuance of short-term notes (the "Notes") by the Company pursuant to (i) the Commercial Paper Dealer Agreement dated July 22, 1994 (the "Dealer Agreement"), between the Company and First Chicago Capital Markets, Inc., as dealer and (ii) the Depositary Agreement, dated January 25, 1984, as amended as of May 28, 1987 and as further amended by a letter dated July 19, 1994 (the "Depositary Agreement"), between the Company and Chemical Bank, as issuing and paying agent. We have reviewed (a) the Dealer Agreement, (b) the Depositary Agreement, (c) the form of Note, (d) the Company's Application to the Florida Public Service Commission for the authorization, among other things, of the issuance and sale of short-term securities during 1994 and 1995, including the Notes, (e) the Company's no-action letters dated July 12, 1974 and July 30, 1974, received from the Securities and Exchange Commission, copies of which are attached hereto (the "No-action Letters"), (f) the Offering Circular, dated July 1, 1994 (the "Offering Circular"), and (g) all corporate proceedings with respect to the authorization, issuance and sale of the Notes. This opinion is furnished to you pursuant to Section 5(A)(iv) of the Dealer Agreement.

Based upon the foregoing, we are of the opinion that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida and has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, the Dealer Agreement, the Depositary Agreement and the Notes.

2. The Dealer Agreement and the Depositary Agreement have each been duly and validly authorized, executed and delivered by the Company.

3. The issuance of the Notes has been duly authorized by the Company; and each of the Notes, when executed, authenticated and delivered in accordance with the terms of the Depositary Agreement and the order of the Florida Public Service Commission referred to below, will constitute a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and equitable limitations on the enforceability of specific remedies.

4. The Notes are being issued and sold pursuant to the authority contained in the order of the Florida Public Service Commission dated October 19, 1993, as amended November 4, 1993, which authority is adequate to permit the issuance and sale of the Notes during 1994 and 1995 in an amount outstanding at the time of sale, when aggregated with all other short-term securities issued by the Company, not to exceed 25% of the Company's gross revenues during the preceding twelve months of operation. To the best of our knowledge, said authorization is still in full force and effect, and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction, as to which we express no opinion) is legally required for the authorization of the issuance and sale of the Notes during 1994 and 1995.

5. Provided that the sale of the Notes is made for the purposes stated in and in compliance with the limitations set forth in the No-action Letters, the Notes may be issued and sold in the manner contemplated by the Dealer Agreement, without registration thereof under the Securities Act of 1933, as amended.

We have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished in the Offering Circular. We have generally reviewed and discussed with certain officers and employees of FPL the information furnished, whether or not subject to our check and verification. On the basis of such review and discussion, but without independent check or verification, nothing has come to our attention that would lead us to believe that the Offering Circular (except as to the financial or statistical data contained or incorporated by reference therein, as to which we express no opinion), at the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We are members of the New York Bar and do not hold ourselves out as experts on, or express any opinion herein concerning, any law other than the laws of the State of New York and the federal law of the United States.

Very truly yours,

Reid & Priest

REID & PRIEST

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FLORIDA POWER & LIGHT COMPANY

(Exact name of registrant as specified in its charter)

Florida	59-0247775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Dennis P. Coyle	Jeffrey I. Mullens, P.A.	Robert J. Reger, Jr., Esq.
General Counsel and Secretary	Steel Hector & Davis LLP	Thelen Reid & Priest LLP
Florida Power & Light Company	1900 Phillips Point West	40 West 57th Street
700 Universe Boulevard	777 South Flagler Drive	New York, New York 10019
Juno Beach, Florida 33408	West Palm Beach, Florida 33401	(212) 603-2000
(561) 694-4000	(561) 650-7257	

(Names and addresses, including zip codes, and telephone numbers, including area codes, of agents for service)

It is respectfully requested that the Commission also send copies of all notices, orders and communications to:

Richard L. Harden, Esq.
Pillsbury Winthrop LLP
One Battery Park Plaza
New York, New York 10004
(212) 858-1000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (*)	Amount of Registration Fee
First Mortgage Bonds	$500,000,000	$125,000

* Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. Florida Power & Light Company may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated April 10, 2001

PROSPECTUS

$500,000,000

Florida Power & Light Company

First Mortgage Bonds

Florida Power & Light Company may offer from time to time up to $500,000,000 of its first mortgage bonds.

Florida Power & Light Company will provide specific terms of these securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

Florida Power & Light Company may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section beginning on page 9 of this prospectus also provides more information on this topic.

Florida Power & Light Company's principal executive office is located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone (561) 694-4000, and its mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

_____, 2001

WHERE YOU CAN FIND MORE INFORMATION

Florida Power & Light Company ("FPL") files annual, quarterly and other reports and other information with the SEC. You can read and copy any information filed by FPL with the Securities and Exchange Commission ("SEC") at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including FPL. FPL also maintains an Internet site (http://www.fpl.com).

INCORPORATION BY REFERENCE

The SEC allows FPL to "incorporate by reference" the information that FPL files with the SEC, which means that FPL may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Information that FPL files in the future with the SEC will automatically update and supersede this information. FPL is incorporating by reference the documents listed below and any future filings FPL makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until FPL sells all of these securities:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2000, as amended by Form 10-K/A filed with the SEC on April 9, 2001; and

(2) FPL's Current Reports on Form 8-K filed with the SEC on March 19, 2001, April 2, 2001 and April 10, 2001.

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Thelen Reid & Priest LLP, 40 West 57th Street, New York, New York, 10019, (212) 603-2000.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL is hereby filing cautionary statements identifying important factors that could cause FPL's actual results to differ materially from those projected in forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995) made by or on behalf of FPL that are made in this prospectus or any supplement to this prospectus, in presentations, 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", "estimated", "projection" or "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any of those statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL.

Any forward-looking statement speaks only as of the date on which that statement is made, and FPL does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of those factors, nor can it assess the impact of each of those factors 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.

Some important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include changes in laws or regulations, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission, the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 1935, and the Nuclear Regulatory Commission, with respect to:

(1) allowed rates of return, including but not limited to return on common equity and equity ratio limits,

(2) industry and rate structure,

(3) operation of nuclear power facilities,

(4) acquisition, disposal, depreciation and amortization of assets and facilities,

(5) operation and construction of plant facilities,

(6) recovery of fuel and purchased power costs,

(7) decommissioning costs, and

(8) present or prospective wholesale and retail competition, including but not limited to retail wheeling and transmission costs.

The business and profitability of FPL are also influenced by economic and geographic factors including:

(1) political and economic risks,

(2) changes in and compliance with environmental and safety laws and policies,

(3) weather conditions, including natural disasters such as hurricanes,

(4) population growth rates and demographic patterns,

(5) competition for retail and wholesale customers,

(6) availability, pricing and transportation of fuel and other energy commodities,

(7) market demand for energy from plants or facilities,

(8) changes in tax rates or policies or in rates of inflation or in accounting standards,

(9) unanticipated delays or changes in costs for capital projects,

(10) unanticipated changes in operating expenses and capital expenditures,

(11) capital market conditions,

(12) competition for new energy development opportunities, and

(13) legal and administrative proceedings, whether civil, such as environmental, or criminal, and settlements.

All of these factors are difficult to predict, contain uncertainties that may materially affect actual results, and are beyond the control of FPL.

FPL

FPL was incorporated under the laws of Florida in 1925 and is engaged in the generation, transmission, distribution and sale of electric energy. FPL supplies electric service throughout most of the east and lower west coasts of the State of Florida, serving a population of approximately 7 million. During 2000, FPL served approximately 3.8 million customer accounts. FPL Group, Inc. owns all of FPL's common stock.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, FPL will add the net proceeds from the sale of these securities to its general funds. FPL uses its general funds for corporate purposes, including to repay, redeem or purchase outstanding debt and preferred stock, to repay short-term borrowings and to finance the acquisition or construction of additional electric facilities. FPL will temporarily invest any proceeds that it does not need to use immediately in short-term instruments.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows FPL's ratio of earnings to fixed charges for each of its last five fiscal years:

Years Ended December 31,				
2000	1999	1998	1997	1996
6.02	6.26	5.69	4.95	4.58

DESCRIPTION OF THE BONDS

General. FPL will issue these securities, in one or more series, under its Mortgage and Deed of Trust dated as of January 1, 1944, with Bankers Trust Company, as Trustee, which has been amended and supplemented in the past and which will be supplemented again by one or more supplemental indentures relating to these securities. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." These securities are referred to in this prospectus as the "Bonds." All first mortgage bonds issued or to be issued under the Mortgage, including the Bonds, are referred to herein as "First Mortgage Bonds."

This section briefly summarizes some of the provisions of the Mortgage and uses some terms that are not defined in this prospectus but that are defined in the Mortgage. This summary is not complete. The Mortgage is on file with the SEC and is incorporated by reference in this prospectus. You should read the Mortgage for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of Bonds may have different terms. FPL will include all of the following information about a specific series of Bonds in the prospectus supplement relating to those Bonds:

(1) the designation and series of those Bonds,

(2) the aggregate principal amount of those Bonds,

(3) the offering price of those Bonds,

(4) the date(s) on which those Bonds will mature,

(5) the interest rate(s) for those Bonds, or how the interest rate(s) will be determined,

(6) the dates on which FPL will pay the interest on those Bonds,

(7) the denominations in which FPL may issue those Bonds, if other than denominations of $1,000 or multiples of $1,000,

(8) the place where the principal of and interest on those Bonds will be payable, if other than at Bankers Trust Company in New York City,

(9) the currency or currencies in which payment of the principal of and interest on those Bonds may be made, if other than United States dollars,

(10) the terms pursuant to which FPL may redeem any of those Bonds,

(11) whether all or a portion of those Bonds will be in global form, and

(12) any other terms or provisions relating to those Bonds that are not inconsistent with the provisions of the Mortgage.

FPL will issue the Bonds in fully registered form without coupons, unless otherwise stated in a prospectus supplement. A holder of Bonds may exchange those Bonds, without charge, for an equal aggregate principal amount of Bonds of the same series, having the same issue date and with identical terms and provisions, unless otherwise stated in a prospectus supplement. A holder of Bonds may transfer those Bonds without cost to the holder, other than for applicable stamp taxes or other governmental charges, unless otherwise stated in a prospectus supplement. FPL may issue all or some of the Bonds in "book-entry" form, which means that they will be represented by global notes, instead of certificates. If FPL issues global notes representing any Bonds, then a depository selected by FPL will keep a record of the beneficial interests in those global notes and record any transfers of those beneficial interests and the depository, or its custodian, will hold those global notes. Any additional requirements as to the form and method of exchange of Bonds will be described in a prospectus supplement.

Special Provisions for Retirement of Bonds. If, during any 12 month period, any governmental body orders FPL to dispose of mortgaged property, or buys mortgaged property from FPL, and FPL receives $10 million or more from the sale or disposition, then, in most cases, FPL must use that money to redeem First Mortgage Bonds. If this occurs, FPL may redeem First Mortgage Bonds of any series that are redeemable at the redemption prices applicable to those First Mortgage Bonds. If any Bonds are redeemable, the redemption prices applicable to those Bonds will be set forth in a prospectus supplement.

Security. The Mortgage secures the Bonds as well as all other First Mortgage Bonds already issued under the Mortgage and still outstanding. FPL may issue more First Mortgage Bonds in the future and those First Mortgage Bonds will also be secured by the Mortgage. The Mortgage constitutes a first mortgage lien on all of the properties and franchises that FPL owns, except as discussed below.

The lien of the Mortgage is or may be subject to the following:

(1) leases of minor portions of FPL's property to others for uses that do not interfere with FPL's business,

(2) leases of certain property that is not used in FPL's electric business,

(3) Excepted Encumbrances, which include certain tax and real estate liens, and specified rights, easements, restrictions and other obligations, and

(4) vendors' liens, purchase money mortgages and liens on property that already exist at the time FPL acquires that property.

The Mortgage does not create a lien on the following "excepted property":

(1) cash and securities,

(2) certain equipment, materials or supplies and fuel (including nuclear fuel unless it is expressly subjected to the lien of the Mortgage),

(3) automobiles and other vehicles,

(4) receivables, contracts, leases and operating agreements,

(5) materials or products, including electric energy, that FPL generates, produces or purchases for sale or use by FPL, and

(6) timber, minerals, mineral rights and royalties.

The Mortgage will generally also create a lien on property that FPL acquires after the date of this prospectus, other than "excepted property". However, if FPL consolidates or merges with, or sells substantially all of its assets to, another corporation, the lien created by the Mortgage will generally not cover the property of the successor company, other than the property that it acquires from FPL and improvements, replacements and additions to that property.

The Mortgage provides that the Trustee has a lien on the mortgaged property for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. This lien takes priority over the lien securing the Bonds.

Issuance of Additional Bonds. FPL may issue an unlimited amount of First Mortgage Bonds under the Mortgage so long as it meets the issuance tests set forth in the Mortgage, which are generally described below. FPL may issue Bonds from time to time in an amount equal to:

(1) 60% of unfunded Property Additions after adjustments to offset retirements,

(2) the amount of retired First Mortgage Bonds or Qualified Lien Bonds, and

(3) the amount of cash that FPL deposits with the Trustee.

Property Additions generally include the following:

(1) plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems,

(2) nuclear fuel that has been expressly subjected to the lien of the Mortgage,

(3) railroad cars, barges and other transportation equipment (other than trucks) for the transportation of fuel, and

(4) other property, real or personal, and improvements, extensions, additions, renewals or replacements located within the United States of America or its coastal waters.

FPL may use any property of the type described in (1) through (4) above as Property Additions whether or not that property is in operation and prior to obtaining permits or licenses relating to that property. Securities, fuel (including nuclear fuel unless expressly subjected to the lien of the Mortgage), automobiles or other vehicles, or property used principally for the production or gathering of natural gas will not qualify as Property Additions. The Mortgage contains restrictions on the issuance of First Mortgage Bonds based on Property Additions that are subject to other liens and upon the increase of the amount of those liens.

In most cases, FPL may not issue Bonds unless it meets the "net earnings" test set forth in the Mortgage, which requires, generally, that FPL's adjusted net earnings (before income taxes) for 12 consecutive months out of the 15 months preceding the issuance must have been either:

(1) at least twice the annual interest requirements on all First Mortgage Bonds at the time outstanding, including the Bonds that FPL proposes to issue at the time, and all indebtedness of FPL that ranks prior or equal to the First Mortgage Bonds, or

(2) at least 10% of the principal amount of all First Mortgage Bonds at the time outstanding, including the Bonds that FPL proposes to issue at the time, and all indebtedness of FPL that ranks prior or equal to the First Mortgage Bonds.

The Mortgage requires FPL to replace obsolete or worn out property and specifies certain deductions to FPL's adjusted net earnings for property repairs, retirement, additions and maintenance. With certain exceptions, FPL does not need to meet the "net earnings" test to issue Bonds if the issuance is based on retired First Mortgage Bonds or Qualified Lien Bonds.

As of December 31, 2000, FPL could issue under the Mortgage approximately $4.3 billion of additional First Mortgage Bonds based on unfunded Property Additions and $5.0 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

Release and Substitution of Property. FPL may release property from the lien of the Mortgage if it does any of the following in an aggregate amount equal to the fair value of the property to be released:

(1) deposits with the Trustee, cash or, to a limited extent, purchase money mortgages,

(2) uses unfunded Property Additions acquired by FPL in the last five years, or

(3) waives its right to issue First Mortgage Bonds

in each case without satisfying any net earnings requirement.

If FPL deposits cash so that it may release property from the lien of the Mortgage or so that it may issue additional First Mortgage Bonds, it may withdraw that cash if it uses unfunded Property Additions or waives its right to issue First Mortgage Bonds without satisfying any net earnings requirement in an amount equal to the cash that FPL seeks to withdraw.

When property released from the lien of the Mortgage is not Funded Property, then, if FPL acquires new Property Additions within two years:

(1) Property Additions used for the release of that property will not (subject to some exceptions) be considered Funded Property, and

(2) any waiver by FPL of its right to issue First Mortgage Bonds, which is used for the release of that property, will cease to be an effective waiver and FPL will regain the right to issue those First Mortgage Bonds.

The Mortgage contains provisions relating to cash proceeds of property that is not Funded Property that are similar to the provisions relating to release of that property. The Mortgage contains special provisions relating to pledged Qualified Lien Bonds and the disposition of money received on those Qualified Lien Bonds.

FPL does not need a release from the Mortgage in order to use its nuclear fuel even if that nuclear fuel has been expressly subjected to the lien and operation of the Mortgage.

Dividend Restrictions. In some cases, the Mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change depending on factors set out in the Mortgage. Other than this restriction on the payment of common stock dividends, the Mortgage does not restrict FPL's use of retained earnings. As of December 31, 2000, no retained earnings were restricted by these provisions of the Mortgage.

Modification of the Mortgage. Generally the rights of all of the holders of First Mortgage Bonds may be modified with the consent of the holders of 66-2/3% of the principal amount of all of the outstanding First Mortgage Bonds. However, if less than all series of First Mortgage Bonds are affected by a modification, that modification also requires the consent of the holders of 66-2/3% of the principal amount of all of the outstanding First Mortgage Bonds of each series affected.

FPL has reserved the right to amend the Mortgage without the consent of the holders of any series of First Mortgage Bonds created after April 30, 1992 (including the Bonds) to permit modification of the Mortgage generally with the consent of the holders of only a majority of the First Mortgage Bonds affected by the modification.

In most cases, the following modifications will not be effective against any holder of First Mortgage Bonds affected by the modification unless that holder consents:

(1) modification of the terms of payment of principal and interest payable to that holder,

(2) modification creating an equal or prior lien on the mortgaged property or depriving that holder of the benefit of the lien of the Mortgage, and

(3) modification reducing the percentage vote required for modification (except as described above).

Default and Notice Thereof. The following are defaults under the Mortgage:

(1) failure to pay the principal of any First Mortgage Bond,

(2) failure to pay interest on any First Mortgage Bond for 60 days after that interest is due,

(3) failure to pay principal of or interest on any Qualified Lien Bond beyond any applicable grace period for the payment of that principal or interest,

(4) failure to pay any installments of funds for retirement of First Mortgage Bonds for 60 days after that installment is due,

(5) certain events in bankruptcy, insolvency or reorganization, and

(6) the expiration of 90 days following notice by the Trustee or the holders of 15% of the First Mortgage Bonds relating to other covenants of FPL.

Except in the case of failure to pay principal, interest or any installment for retirement of First Mortgage Bonds, the Trustee may withhold notice of default if it believes that withholding the notice is in the interests of the holders of First Mortgage Bonds.

Holders of 25% of the First Mortgage Bonds may declare the principal and the interest due on default. A majority of the holders of First Mortgage Bonds may annul that declaration if the default has been cured. No holder of First Mortgage Bonds may enforce the lien of the Mortgage unless the following things have occurred:

(1) the holder has given the Trustee written notice of a default,

(2) the holders of 25% of the First Mortgage Bonds have requested the Trustee to act and offered it reasonable opportunity to act and indemnity satisfactory to the Trustee for the costs, expenses and liabilities that the Trustee may incur by acting, and

(3) the Trustee has failed to act.

Notwithstanding the foregoing, a holder of First Mortgage Bonds has the right to sue FPL if FPL fails to pay, when due, interest or principal on those First Mortgage Bonds, unless that holder gives up that right.

The Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that the repayment is not reasonably assured. The holders of a majority of the First Mortgage Bonds may direct the time, method, and place of conducting any proceedings for any remedy available to the Trustee, or exercising any of the Trustee's powers.

Satisfaction and Discharge of Mortgage. The Mortgage may be satisfied and discharged if and when FPL provides for the payment of all of the First Mortgage Bonds and all other sums due under the Mortgage.

Evidence to be Furnished to the Trustee. FPL furnishes written statements of FPL's officers, or persons selected or paid by FPL, annually (and when certain events occur) to the Trustee to show that FPL is in compliance with Mortgage provisions and that there are no defaults under the Mortgage. In some cases, these written statements must be provided by an independent accountant, appraiser, engineer or counsel.

Concerning the Trustee. In the regular course of business, FPL may obtain short-term funds from several banks, including Bankers Trust Company.

PLAN OF DISTRIBUTION

FPL may sell the Bonds:

(1) through underwriters or dealers,

(2) through agents, or

(3) directly to one or more purchasers.

Through Underwriters or Dealers. If FPL uses underwriters in the sale of the Bonds, the underwriters will acquire the Bonds for their own account. The underwriters may resell the Bonds in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of the sale. The underwriters may sell the Bonds directly or through underwriting syndicates represented by managing underwriters. Unless otherwise set forth in the prospectus supplement relating to Bonds, the obligations of the underwriters to purchase those Bonds will be subject to certain conditions, and the underwriters will be obligated to purchase all of those Bonds if they purchase any of them. If FPL uses a dealer in the sale, FPL will sell Bonds to the dealer as principal. The dealer may then resell those Bonds at varying prices determined at the time of resale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Through Agents. FPL may designate one or more agents to sell Bonds. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly. FPL may sell Bonds directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallowed to them. A prospectus supplement will also state the proceeds to FPL from the sale of Bonds, any initial public offering price and other terms of the offering of those Bonds.

FPL may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Bonds from FPL at the public offering price and on the terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future.

FPL may have agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from FPL's Annual Report on Form 10-K, as amended, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Legal conclusions and opinions specifically attributed to counsel in the documents incorporated by reference in this prospectus have been reviewed by Steel Hector & Davis LLP, West Palm Beach, Florida, counsel to FPL, and are set forth on the authority of that firm as experts.

LEGAL OPINIONS

Steel Hector & Davis LLP, West Palm Beach, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Bonds for FPL. Pillsbury Winthrop LLP, New York, New York, will pass upon the legality of the Bonds for any underwriter, dealer or agent. Thelen Reid & Priest LLP and Pillsbury Winthrop LLP may rely as to all matters of Florida law upon the opinion of Steel Hector & Davis LLP. Steel Hector & Davis LLP may rely as to all matters of New York law on the opinion of Thelen Reid & Priest LLP.

You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. FPL has not authorized anyone else to provide you with different information. FPL is not making an offer of these Bonds in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. *Other Expenses of Issuance and Distribution.*

The expenses in connection with the issuance and distribution of the securities being registered, other than underwriting and/or agents compensation, are:

Filing Fee for Registration Statement	$125,000
Legal and Accounting Fees	$150,000*
Printing (S-3, prospectus, prospectus supplement, etc.)	$15,000*
Fee of Trustee	$10,000*
Florida Taxes	$1,893,545
Rating Agencies' Fees	$75,000*
Miscellaneous	$15,000*
Total	$2,283,545*

* Estimated

Item 15. *Indemnification of Directors and Officers.*

Section 607.0850 of the Florida Statutes generally permits FPL to indemnify its directors, officers, employees or other agents who are subject to any third-party actions because of their service to FPL if such persons acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of FPL. If the proceeding is a criminal one, such person must also have had no reasonable cause to believe his conduct was unlawful. In addition, FPL may indemnify its directors, officers, employees or other agents who are subject to derivative actions against expenses and amounts paid in settlement which do not exceed, in the judgment of the board of directors, the estimated expense of litigating the proceeding to conclusion, including any appeal thereof, actually and reasonably incurred in connection with the defense or settlement of such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of FPL. To the extent that a director, officer, employee or other agent is successful on the merits or otherwise in defense of a third-party or derivative action, such person will be indemnified against expenses actually and reasonably incurred in connection therewith. This Section also permits FPL to further indemnify such persons by other means unless a judgment or other final adjudication establishes that such person's actions or omissions which were material to the cause of action constitute (1) a crime (unless such person had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe it unlawful), (2) a transaction from which he derived an improper personal benefit, (3) an action in violation of Florida Statutes Section 607.0834 (unlawful distributions to shareholders), or (4) willful misconduct or a conscious disregard for the best interests of the corporation in a proceeding by or in the right of the corporation to procure a judgment in its favor or in a proceeding by or in the right of a shareholder.

Furthermore, Florida Statutes Section 607.0831 provides, in general, that no director shall be personally liable for monetary damages to FPL or any other person for any statement, vote, decision, or failure to act, regarding corporate management or policy, unless: (a) the director breached or failed to perform his duties as a director; and (b) the director's breach of, or failure to perform, those duties constitutes (i) a violation of criminal law, unless the director had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful, (ii) a transaction from which the director derived an improper personal benefit, either directly or indirectly, (iii) a circumstance under which the liability provisions of Florida Statutes Section 607.0834 are applicable, (iv) in a proceeding by or in the right of FPL to procure a judgment in its favor or by or in the right of a shareholder, conscious disregard for the best interest of FPL, or willful misconduct, or (v) in a proceeding by or in the right of someone other than FPL or a shareholder, recklessness or an act or omission which was committed in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property. The term "recklessness," as used above, means the action, or omission to act, in conscious disregard of a risk: (a) known, or so obvious that it should have been known, to the director; and (b) known to the director, or so obvious that it should have been known, to be so great as to make it highly probable that harm would follow from such action or omission.

FPL's Bylaws provide generally that FPL shall, to the fullest extent permitted by law, indemnify all directors and officers of FPL, directors, officers, or other employees serving as a fiduciary of an employee benefit plan of FPL, as well as any employees or agents of FPL or other persons serving at the request of FPL in any capacity with any entity or enterprise other than FPL to whom FPL has agreed to grant indemnification (each, an "Indemnified Person") to the extent that any such person is made a party or threatened to be made a party or called as a witness or is otherwise involved in any action, suit, or proceeding in connection with his status as an Indemnified Person. Such indemnification covers all expenses incurred by any Indemnified Person (including attorneys' fees) and all liabilities and losses (including judgments, fines and amounts to be paid in settlement) incurred thereby in connection with any such action, suit or proceeding.

In addition, FPL carries insurance permitted by the laws of Florida on behalf of directors, officers, employees or agents which may cover, among other things, liabilities under the Securities Act.

Item 16. ***Exhibits.***

1(a) - Form of Underwriting Agreement

1(b) - Form of Distribution Agreement

*4(a) - Restated Articles of Incorporation of FPL dated March 23, 1992 (filed as Exhibit 3(i)a to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(b) - Amendment to FPL's Restated Articles of Incorporation dated March 23, 1992 (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(c) - Amendment to FPL's Restated Articles of Incorporation dated May 11, 1992 (filed as Exhibit 3(i)c to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(d) - Amendment to FPL's Restated Articles of Incorporation dated March 12, 1993 (filed as Exhibit 3(i)d to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(e) - Amendment to FPL's Restated Articles of Incorporation dated June 16, 1993 (filed as Exhibit 3(i)e to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(f) - Amendment to FPL's Restated Articles of Incorporation dated August 31, 1993 (filed as Exhibit 3(i)f to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(g) - Amendment to FPL's Restated Articles of Incorporation dated November 30, 1993 (filed as Exhibit 3(i)g to Form 10-K for the year ended December 31, 1993, File No. 1-3545).

*4(h) - Bylaws of FPL dated May 11, 1992 (filed as Exhibit 3 to Form 8-K dated May 1, 1992 (File No. 1-3545).

*4(i) - Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred-one Supplements thereto, between FPL and Bankers Trust Company, Trustee (the "Mortgage") (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File

No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-K for the year ended December 31, 1993, File No. 1-3545; Exhibit 4(i) to Form 10-Q for the quarter ended June 30, 1994, File No. 1-3545; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended June 30, 1998, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended March 31, 1999, File No. 1-3545; Exhibit 4(f) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; and Exhibit 4(g) to Form 10-K for the year ended December 31, 2000, File No. 1-3545).

4(j) - Form of Supplemental Indenture relating to First Mortgage Bonds.

5(a) - Opinion and Consent of Steel Hector & Davis LLP, counsel to FPL.

5(b) - Opinion and Consent of Thelen Reid & Priest LLP, co-counsel to FPL.

*12 - Computation of Ratio of Earnings to Fixed Charges (filed as Exhibit 12(b) to Form 10-K for the fiscal year ended December 31, 2000, File No. 1-3545).

23(a) - Independent Auditors' Consent of Deloitte & Touche LLP.

23(b) - Consent of Steel Hector & Davis LLP (included in opinion, attached hereto as Exhibit 5(a)).

23(c) - Consent of Thelen Reid & Priest LLP (included in opinion, attached hereto as Exhibit 5(b)).

24 - Power of Attorney (included on the signature page of this registration statement).

25 - Statement on Form T-1 of Bankers Trust Company with respect to the Mortgage.

*Incorporated herein by reference as indicated.

Item 17. ***Undertakings.***

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that the registrant need not file a post-effective amendment to include the information required to be included by subsection (i) or (ii) if such information is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, which are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's Annual Report pursuant to Section 13(a) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

Each director and/or officer of the registrant whose signature appears below hereby appoints the agents for service named in this registration statement, and each of them severally, as his attorney-in-fact to sign in his name and behalf, in any and all capacities stated below and to file with the Securities and Exchange Commission, any and all amendments, including post-effective amendments, to this registration statement, and the registrant hereby also appoints each such agent for service as its attorney-in-fact with like authority to sign and file any such amendments in its name and behalf.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida, on the 9th day of April, 2001.

FLORIDA POWER & LIGHT COMPANY

By: /s/ Paul J. Evanson
Paul J. Evanson
President and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James L. Broadhead James L. Broadhead	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	April 9, 2001
/s/ K. Michael Davis K. Michael Davis	Vice President, Accounting, Controller and Chief Accounting Officer (Principal Financial and Accounting Officer)	April 9, 2001
/s/ Dennis P. Coyle Dennis P. Coyle	Director	April 9, 2001
/s/ Lawrence J. Kelleher Lawrence J. Kelleher	Director	April 9, 2001
/s/ Armando J. Olivera Armando J. Olivera	Director	April 9, 2001
/s/ Thomas F. Plunkett Thomas F. Plunkett	Director	April 9, 2001
/s/ Antonio Rodriguez Antonio Rodriguez	Director	April 9, 2001

Exhibit Index

1(a)	Form of Underwriting Agreement
1(b)	Form of Distribution Agreement
4(j)	Form of Supplemental Indenture relating to First Mortgage Bonds.
5(a)	Opinion and Consent of Steel Hector & Davis LLP, counsel to FPL.
5(b)	Opinion and Consent of Thelen Reid & Priest LLP, co-counsel to FPL.
23(a)	Independent Auditors' Consent of Deloitte & Touche LLP.
23(b)	Consent of Steel Hector & Davis LLP (included in opinion, attached hereto as Exhibit 5(a)).
23(c)	Consent of Thelen Reid & Priest LLP (included in opinion, attached hereto as Exhibit 5(b)).
24	Power of Attorney (included on the signature page of this registration statement).
25	Statement on Form T-1 of Bankers Trust Company with respect to the Mortgage.

FLORIDA POWER & LIGHT COMPANY

First Mortgage Bonds

Underwriting Agreement

[Date]

To the Representatives named in Schedule I
hereto of the Underwriters
named in Schedule II hereto

Dear Sirs:

AGREEMENT between FLORIDA POWER & LIGHT COMPANY, a Florida corporation ("FPL"), and the several Underwriters named in Schedule II hereto relating to the issuance and sale by FPL of its First Mortgage Bonds of the series designation, with the terms and in the principal amount as set forth in this agreement (the "Bonds").

The term "Underwriters" as used herein shall be deemed to mean the several firms or corporations named in Schedule II hereto and any underwriter substituted as provided in Section 4 hereof and the term "Underwriter" shall be deemed to mean one of such Underwriters. If the firms listed in Schedule I hereto (the "Representatives") are the same as the firms listed in Schedule II hereto, then the terms "Underwriters" and "Representatives", as used herein, shall each be deemed to refer to such firms. The Representatives represent that they have been authorized by each Underwriter to enter into this agreement on behalf of such Underwriter and to act for it in the manner herein provided. All obligations of the Underwriters hereunder are several and not joint. If more than one firm is named in Schedule I any action under or in respect of this agreement may be taken by such firms jointly as the Representatives or by one of the firms acting on behalf of the Representatives and such action will be binding upon all the Underwriters.

The Bonds will be a series of First Mortgage Bonds ("First Mortgage Bonds") issued by FPL under its Mortgage and Deed of Trust, dated as of January 1, 1944, to Bankers Trust Company, as Trustee (the "Mortgage Trustee"), and The Florida National Bank of Jacksonville (now resigned), as heretofore supplemented and as it will be further supplemented by a supplemental indenture relating to the Bonds ("Supplemental Indenture") in substantially the form heretofore delivered to the Representatives. Such Mortgage and Deed of Trust as it has been and will be so supplemented is hereinafter called the "Mortgage".

FPL has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3, including a prospectus ("registration statement No. 333-_____"), for the registration of $_____ aggregate principal amount of its First Mortgage Bonds under the Securities Act of 1933, as amended (the "Securities Act"), which registration statement has been declared effective by the Commission. References herein to the term "Registration Statement" as of any given date shall mean registration statement No. 333-____, as amended or supplemented to such date, including all documents incorporated by reference therein as of such date pursuant to Item 12 of Form S-3 ("Incorporated Documents").

References herein to the term "Prospectus" as of any given date shall mean the prospectus forming a part of registration statement No. 333-_____, as supplemented by a prospectus supplement relating to the Bonds proposed to be filed pursuant to Rule 424 of the general rules and regulations under the Securities Act ("Rule 424"), and as further amended or supplemented as of such date (other than amendments or supplements relating to First Mortgage Bonds other than the Bonds), including all Incorporated Documents. References herein to the term "Effective Date" shall be deemed to refer to the later of the time and date that registration statement No. 333-_____ was declared effective and the time and date of the filing thereafter of FPL's most recent Annual Report on Form 10-K, if such filing is made prior to the Closing Date (as hereinafter defined). Prior to the termination of the offering of the Bonds, FPL will not file any amendment to the Registration Statement or any amendment or supplement to the Prospectus without prior notice to the Representatives and to Pillsbury Winthrop LLP, who are acting as counsel for the several Underwriters ("Counsel for the Underwriters"), or any such amendment or supplement to which the Representatives shall reasonably object in writing, or which shall be unsatisfactory to Counsel for the Underwriters.

SECTION 1. Representations and Warranties of FPL. FPL represents and warrants to the several Underwriters that:

(a) The Registration Statement at the Effective Date fully complied, and the Prospectus both on the date it is filed with the Commission pursuant to Rule 424 (such date, the "424 Date") and at the Closing Date (as hereinafter defined), and the Registration Statement and the Mortgage at the Closing Date, will fully comply, in all material respects with the applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended (the "1939 Act"), as applicable and, in each case, the applicable instructions, rules and regulations of the Commission thereunder; at the Effective Date, the Registration Statement did not, and at the Closing Date, the Registration Statement will not, contain an untrue statement of a material fact, or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Prospectus, on the 424 Date and at the Closing Date, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the Incorporated Documents, when filed with the Commission, fully complied or will fully comply in all material respects with the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable instructions, rules and regulations of the Commission thereunder; provided, that the foregoing representations and warranties in this subsection (a) shall not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to FPL by or on behalf of any Underwriter for use in connection with the preparation of the Registration Statement or the Prospectus, or to any statements in or omissions from any Statement of Eligibility on Form T-1, or amendments thereto, of the Mortgage Trustee.

(b) The financial statements included as part of or incorporated by reference in the Prospectus present fairly the financial condition and operations of FPL at the respective dates or for the respective periods to which they apply; such financial statements have been prepared in each case in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise indicated in the Registration

Statement; and Deloitte & Touche LLP, who have audited the audited financial statements, are independent public accountants as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder.

(c) Except as reflected in or contemplated by the Registration Statement and the Prospectus, since the respective most recent dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change in the business, properties or financial condition of FPL nor has any material transaction been entered into by FPL other than changes and transactions contemplated by the Registration Statement and Prospectus, and transactions in the ordinary course of business. FPL has no material contingent obligation which is not disclosed in the Registration Statement and Prospectus.

(d) The consummation of the transactions herein contemplated and the fulfillment of the terms hereof on the part of FPL to be fulfilled have been duly authorized by all necessary corporate action of FPL in accordance with the provisions of its Restated Articles of Incorporation, as amended, (the "Charter"), by-laws and applicable law, and the Bonds when issued and delivered as provided herein will constitute legal, valid and binding obligations of FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

(e) The consummation of the transactions herein contemplated and the fulfillment of the terms hereof and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, FPL's Charter, by-laws or any indenture, mortgage, deed of trust or other agreement or instrument to which FPL is now a party, or violate any law or any order, rule, decree or regulation applicable to FPL of any Federal or state court, regulatory board or body or administrative agency having jurisdiction over FPL or any of its property, except where such breach, default or violation would not have a material adverse effect on the business, properties or financial condition of FPL.

(f) All the property to be subjected to the lien of the Mortgage will be adequately described therein.

SECTION 2. Purchase and Sale. On the basis of the representations and warranties herein contained, and subject to the terms and conditions in this agreement set forth, FPL agrees to sell to the respective Underwriters, severally and not jointly, and the respective Underwriters agree, severally and not jointly, to purchase from FPL, the respective principal amounts of Bonds set forth opposite their respective names in Schedule II hereto at the purchase price set forth in Schedule I hereto.

SECTION 3. Public Offering. The Underwriters propose to make a *bona fide* public offering of the Bonds as set forth in the Prospectus, such public offering to be made as soon after the execution of this agreement as practicable, subject, however, to the terms and conditions of this agreement.

SECTION 4. Time and Place of Closing, Default of Underwriter. Delivery of the Bonds and payment therefor by wire transfer in federal funds shall be made at the time, date and place set forth in Schedule I hereto, or at such other time, date or place as shall be agreed upon in writing by FPL and the Representatives. The hour and date of such delivery and payment are herein called the "Closing Date".

The Bonds shall be delivered to the Representatives for the respective accounts of the Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof. Delivery of the Bonds shall be made through the facilities of The Depository Trust Company unless the Representatives and FPL shall otherwise agree. For the purpose of expediting the checking of the Bonds by the Representatives on behalf of the Underwriters, FPL agrees to make such Bonds available to the Representatives for such purpose at the office of Thelen Reid & Priest LLP, 40 West 57th Street, New York, New York 10019 not later than 2:00 p.m., New York City time, on the business day preceding the Closing Date, or at such other time and place as may be agreed upon by FPL and the Representatives. If any Underwriter shall fail to purchase and pay for the principal amount of the Bonds which such Underwriter has agreed to purchase and pay for hereunder (otherwise than by reason of any failure on the part of FPL to comply with any of the provisions contained herein), the non-defaulting Underwriters shall be obligated to take up and pay for (in addition to the respective principal amount of the Bonds set forth opposite their respective names in Schedule II hereto) the principal amount of the Bonds which such defaulting Underwriter or Underwriters failed to take up and pay for, up to a principal amount thereof equal to, in the case of each such remaining Underwriter, ten percent (10%) of the principal amount of the Bonds set forth opposite the name of such remaining Underwriter in said Schedule II hereto, and such remaining Underwriters shall have the right, within 24 hours of receipt of such notice, either to take up and pay for (in such proportion as may be agreed upon among them), or to substitute another Underwriter or Underwriters, satisfactory to FPL, to take up and pay for, the remaining principal amount of the Bonds which the defaulting Underwriter or Underwriters agreed but failed to purchase. If any unpurchased Bonds still remain, then FPL shall be entitled to a further period of 24 hours within which to procure another party or other parties, members of the National Association of Securities Dealers, Inc. (or, if not members of such Association, who are not eligible for membership in said Association and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with said Association's Conduct Rules) and satisfactory to the Representatives to purchase such Bonds on the terms set forth in this agreement. In the event that, within the respective prescribed periods, the non-defaulting Underwriters notify FPL that they have arranged for the purchase of such Bonds, or FPL notifies the non-defaulting Underwriters that it has arranged for the purchase of such Bonds, the non-defaulting Underwriters or FPL shall have the right to postpone the Closing Date for a period of not more than three full business days beyond the expiration of the respective prescribed periods in order to effect whatever changes may thus be made necessary in the Registration Statement or the Prospectus or in any other documents or arrangements. In the event that neither the non-defaulting Underwriters nor FPL has arranged for the purchase of such Bonds by another party or parties as above provided, then this agreement shall terminate without any liability on the part of FPL or any Underwriter (other than an Underwriter which shall have failed or refused, otherwise than for some reason sufficient to justify, in accordance with the terms hereof, the

cancellation or termination of its obligations hereunder, to purchase and pay for the Bonds which such Underwriter has agreed to purchase as provided in Section 2 hereof), except as otherwise provided in subsections (c) and (e) of Section 5 hereof.

SECTION 5. Covenants of FPL. FPL agrees that:

(a) It will promptly transmit copies of the Prospectus to the Commission for filing pursuant to Rule 424.

(b) It will deliver to the Representatives and to Counsel for the Underwriters one signed copy of the Registration Statement or, if a signed copy is not available, one conformed copy of the Registration Statement certified by an officer of FPL to be in the form as originally filed, including all Incorporated Documents and all exhibits except those incorporated by reference, which relate to the Bonds, including a signed or conformed copy of each consent and certificate included therein or filed as an exhibit thereto. FPL will deliver to the Underwriters through the Representatives as soon as practicable after the date of this agreement as many copies of the Prospectus as the Representatives may reasonably request for the purposes contemplated by the Securities Act. FPL will promptly advise the Representatives of the issuance of any stop order under the Securities Act with respect to the Registration Statement or the institution of any proceedings therefor of which FPL shall have received notice prior to the termination of the offering of the Bonds hereunder. FPL will use its best efforts to prevent the issuance of any such stop order and to secure the prompt removal thereof, if issued.

(c) It will pay all expenses in connection with (i) the preparation and filing by it of the Registration Statement and Prospectus, (ii) the issuance and delivery of the Bonds as provided in Section 4 hereof, (iii) the preparation, execution, filing and recording of the Supplemental Indenture, and (iv) the printing and delivery to the Representatives for the account of the Underwriters, in reasonable quantities, of copies of the Registration Statement and the Prospectus and the Supplemental Indenture and will pay all taxes, if any (but not including any transfer taxes), on the issuance of the Bonds and the recordation of the Supplemental Indenture. FPL shall not, however, be required to pay any amount for any expenses of the Representatives or any of the Underwriters, except as provided in Sections 6 and 7 hereof and except that if this agreement shall be terminated in accordance with the provisions of Section 6, 7 or 9 hereof, FPL will pay the fees and disbursements of Counsel for the Underwriters, whose fees and disbursements the Underwriters agree to pay in any other event. FPL shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits.

(d) During a period of nine months after the date of this agreement, if any event relating to or affecting FPL or of which FPL shall be advised in writing by the Representatives shall occur which, in FPL's opinion, should be set forth in a supplement to or an amendment of the Prospectus in order to make the Prospectus not misleading in light of the circumstances when it is delivered to a purchaser, FPL will forthwith at its expense prepare and furnish to the Representatives a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Prospectus which will supplement or amend the Prospectus so that as supplemented or amended it will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading; provided that

should such event relate solely to activities of any of the Underwriters, then the Underwriters shall assume the expense of preparing and furnishing copies of any such amendment or supplement. In case any Underwriter is required to deliver a Prospectus after the expiration of nine months after the date of this agreement, FPL upon the request of the Representatives will furnish to the Representatives, at the expense of such Underwriter, a reasonable quantity of a supplemented or amended Prospectus or supplements or amendments to the Prospectus complying with Section 10 of the Securities Act.

(e) It will furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Bonds for offer and sale under the blue sky laws of such jurisdictions as the Representatives may designate and will pay filing fees and expenses (including fees and expenses of counsel) in the aggregate not exceeding $7,500, provided that FPL shall not be required to qualify as a foreign corporation or dealer in securities, or to file any consents to service of process under the laws of any jurisdiction, or to meet other requirements deemed by FPL to be unduly burdensome.

(f) It will make generally available to its security holders, as soon as practicable, an earnings statement (which need not be audited, unless required so to be under Section 11(a) of the Securities Act) in reasonable detail covering the 12 months beginning not later than the first day of the quarter next succeeding the month in which occurred the effective date of the Registration Statement as defined in Rule 158 under the Securities Act.

(g) On or before the Closing Date, it will, if applicable, cause (i) at least one counterpart of the Supplemental Indenture to be duly recorded in the States of Florida or Georgia and (ii) all intangible and documentary stamp taxes due in connection with the issuance of the Bonds and the recording of the Supplemental Indenture to be paid. Within 30 days following the Closing Date, FPL will, if applicable, cause the Supplemental Indenture to be duly recorded in all other counties in which property of FPL is located.

SECTION 6. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase and pay for the Bonds shall be subject to the accuracy of, and compliance with, the representations and warranties of FPL contained herein on the Closing Date, to the performance by FPL of its obligations to be performed hereunder on or prior to the Closing Date and to the following conditions:

(a) No stop order suspending the effectiveness of the Registration Statement shall be in effect on the Closing Date; no order of the Commission directed to the adequacy of any Incorporated Document shall have been issued; no proceedings for either such purpose shall be pending before, or threatened by, the Commission on such date; and the Representatives shall have received, prior to payment for the Bonds, a certificate of FPL signed by an officer of FPL and dated the Closing Date to the effect that, to the best of his or her knowledge, no such order is in effect and no proceedings for such purpose are pending before, or to the knowledge of FPL threatened by, the Commission.

(b) On the Closing Date, there shall be in full force and effect an authorization of the Florida Public Service Commission with respect to the issuance and sale of the Bonds on the terms herein stated or contemplated, and containing no provision unacceptable to the

Representatives by reason of the fact that it is materially adverse to FPL, it being understood that no authorization provided to Counsel for the Underwriters and in effect at the date of this agreement contains any such unacceptable provision.

(c) At the Closing Date, the Representatives shall have received from Steel Hector & Davis LLP, counsel to FPL, a favorable opinion (with a copy thereof for each of the Underwriters), which opinion will not pass upon compliance with provisions of the blue sky laws of any jurisdiction, in form and substance satisfactory to Counsel for the Underwriters, to the effect that:

(i) FPL is a validly organized and existing corporation and is in good standing under the laws of the State of Florida, and is doing business in that State, and has valid franchises, licenses and permits adequate for the conduct of its business;

(ii) FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Prospectus; FPL is subject, as to retail rates and services, issuance of securities, accounting and certain other matters, to the jurisdiction of the Florida Public Service Commission; and FPL is subject, as to wholesale rates, accounting and certain other matters, to the jurisdiction of the Federal Energy Regulatory Commission;

(iii) the Mortgage has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered, and is a valid and binding instrument enforceable in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity;

(iv) the Bonds are valid and binding obligations of FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity, and are entitled to the benefit of the security afforded by the Mortgage;

(v) the Registration Statement, at the Effective Date, and the Prospectus, at the 424 Date (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, upon which such opinion need not pass and except for those parts of the Registration Statement that constitute the Statement of Eligibility on Form T-1, upon which such opinion need not pass), complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder and the Incorporated Documents (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, upon which such opinion need not pass), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act and the applicable instructions, rules and regulations of the Commission thereunder. The Registration Statement has become, and is, at the Closing Date, effective under the Securities Act, and to the best of the knowledge of said counsel, no proceedings for a stop order with respect to the Registration Statement are pending or threatened under Section 8 of the Securities Act;

(vi) the consummation of the transactions herein contemplated and the fulfillment of the terms hereof and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or by-laws of FPL or any indenture, mortgage, deed of trust or other agreement or instrument the terms of which are known to such counsel to which FPL is now a party, except where such breach or default would not have a material adverse effect on the business, properties or financial condition of FPL;

(vii) nothing has come to the attention of said counsel that would lead them to believe that the Registration Statement (except as to financial statements and other financial or statistical data contained or incorporated by reference therein, upon which such opinion need not pass and except for those parts of the Registration Statement that constitute the Statements of Eligibility on Form T-1, upon which such opinion need not pass), at the Effective Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the 424 Date, and at the Closing Date (except as aforesaid) included or includes, any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that such counsel may state that their belief is based upon their participation in the preparation of the Registration Statement and the Prospectus and any supplements and amendments thereto and review and discussion of the contents thereof, but is without independent check or verification except as specified;

(viii) the Bonds are being issued and sold pursuant to the authority contained in orders of the Florida Public Service Commission, which authority is adequate to permit the issuance and sale of the Bonds. To the best of the knowledge of said counsel, said authorization is still in full force and effect, and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction) is legally required for the authorization of the issuance and sale of the Bonds;

(ix) the statements made in the Prospectus under the headings "Description of the Bonds" and ["Certain Terms of the Offered Bonds"], insofar as they purport to constitute summaries of the terms of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects;

(x) the Mortgage is duly qualified under the 1939 Act;

(xi) this agreement has been duly and validly authorized, executed and delivered by FPL;

(xii) if Bonds are to be sold pursuant to this agreement on the Closing Date, as to the Mortgaged and Pledged Property, as defined in the Mortgage, FPL has satisfactory title to any easements and personal properties, and good and marketable or insurable title in fee simple to any other real properties (except as FPL's interest is stated to be otherwise), subject only to Excepted Encumbrances, as defined in the Mortgage, to any lien, if any, existing or placed thereon at the time of acquisition thereof by FPL, to minor defects and encumbrances

customarily found in the case of properties of like size and character and which, in the opinion of said counsel, would not impair the use thereof by FPL (all of which title exceptions, encumbrances, liens and defects are hereinafter referred to as "Exceptions"), and to the lien of the Mortgage; the Mortgage constitutes a valid, direct, and first mortgage lien upon the Mortgaged and Pledged Property now owned by FPL, subject, however, to the Exceptions and as set forth in the last sentence of this paragraph; and the description of properties in the Mortgage is adequate to constitute the Mortgage a lien on Mortgaged and Pledged Property hereafter acquired by FPL, subject, however, to the Exceptions and except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. The Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the Supplemental Indenture will constitute adequate record notice to perfect the lien of the Mortgage as to all Mortgaged and Pledged Property acquired by FPL subsequent to the recording of the _____ Supplemental Indenture and prior to the recording of the Supplemental Indenture;

(xiii) except as stated or referred to in the Prospectus, there are no material pending legal proceedings to which FPL is a party or of which property of FPL is the subject which if determined adversely would have a material adverse effect on FPL, and, to the best of the knowledge of said counsel, no such proceeding is known to be contemplated by governmental authorities; and

(xiv) the information contained in the Prospectus, which is stated therein to have been made in reliance upon the authority of said counsel or is specifically attributed to them, has been reviewed by them and is correct.

In said opinion such counsel may rely as to all matters of New York law on an opinion of Thelen Reid & Priest LLP and as to matters relating to Mortgaged and Pledged Property located in the State of Georgia on (i) prior opinions provided to FPL on matters of Georgia law and (ii) a current opinion from Georgia counsel.

(d) At the Closing Date, the Representatives shall have received from Thelen Reid & Priest LLP, counsel to FPL, a favorable opinion (with a copy thereof for each of the Underwriters), which opinion will not pass upon compliance with provisions of the blue sky laws of any jurisdiction, in form and substance satisfactory to Counsel for the Underwriters, to the same effect with respect to matters enumerated in paragraphs (iii) - (xi) in subsection (c) of this Section 6. In said opinion such Counsel may rely as to all matters of Florida law on the opinion of Steel Hector & Davis LLP.

(e) At the Closing Date, the Representatives shall have received from Counsel for the Underwriters a favorable opinion (with a copy thereof for each of the Underwriters) to the same effect with respect to the matters enumerated in (iii) - (v), (vii) and (ix) - (xi) of subsection (c) of this Section 6 as the opinion required by said subsection (c). In said opinion such counsel may rely as to all matters of Florida law on the opinion of Steel Hector & Davis LLP, and will not pass upon the incorporation of FPL, titles to property, franchises or the lien of the Mortgage.

(f) At the Closing Date, the Representatives shall have received from Deloitte & Touche LLP a letter (with copies thereof for each of the Underwriters) to the effect that (i) they are independent public accountants with respect to FPL within the meaning of the Securities Act and the Exchange Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the consolidated financial statements audited by them and incorporated by reference in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder; (iii) on the basis of a reading of the unaudited condensed consolidated financial statements of FPL incorporated by reference in the Prospectus, the latest available interim unaudited consolidated financial statements of FPL since the close of FPL's most recent audited fiscal year, the minutes and consents of the Board of Directors, the Finance Committee of the Board of Directors, the Stock Issuance Committee of the Board of Directors, and the Shareholder of FPL since the end of the most recent audited fiscal year, and inquiries of officials of FPL who have responsibility for financial and accounting matters (it being understood that the foregoing procedures do not constitute an audit made in accordance with generally accepted auditing standards and they would not necessarily reveal matters of significance with respect to the comments made in such letter, and accordingly that Deloitte & Touche LLP make no representation as to the sufficiency of such procedures for the several Underwriters' purposes), nothing has come to their attention which caused them to believe that (a) the unaudited condensed consolidated financial statements of FPL incorporated by reference in the Prospectus (1) do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder and (2) except as disclosed in the Prospectus are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of FPL incorporated by reference in the Prospectus, (b) at the date of the latest available interim balance sheet read by them and at a specified date not more than five days prior to the Closing Date there was any change in the common stock or additional paid-in capital, increase in the preferred stock or long-term debt of FPL and its subsidiaries, or decrease in its shareholders' equity, in each case as compared with amounts shown in the most recent consolidated balance sheet incorporated by reference in the Prospectus, except in all instances for changes, increases or decreases which the Prospectus discloses have occurred or may occur, or as occasioned by the declaration, provision for, or payment of dividends, or which are described in such letter, or (c) for the period from the date of the most recent consolidated balance sheet incorporated by reference in the Prospectus to the latest available interim balance sheet read by them and for the period from the date of the latest available interim balance sheet read by them to a specified date not more than five days prior to the Closing Date, there were any decreases, as compared with the corresponding period in the preceding year, in total consolidated operating revenues or in net income or net income available to FPL Group, Inc., except in all instances for decreases which the Prospectus discloses have occurred or may occur, or which are described in such letter; and (iv) they have carried out certain procedures and made certain findings, as specified in such letter, with respect to certain amounts included in the Prospectus and Exhibit 12 to the Registration Statement and such other items as the Representatives may reasonably request.

(g) Since the respective most recent dates as of which information is given in the Registration Statement and Prospectus and up to the Closing Date, there shall have been no

material adverse change in the business, properties or financial condition of FPL, except as reflected in or contemplated by the Registration Statement and Prospectus, and since such dates and up to the Closing Date, there shall have been no material transaction entered into by FPL other than transactions disclosed by the Registration Statement and the Prospectus and transactions in the ordinary course of business; and at the Closing Date, the Representatives shall have received a certificate to such effect, signed on behalf of FPL by an officer.

(h) All legal proceedings to be taken in connection with the issuance and sale of the Bonds shall have been satisfactory in form and substance to Counsel for the Underwriters.

In case any of the conditions specified above in this Section 6 shall not have been fulfilled, this agreement may be terminated by the Representatives, upon mailing or delivering written notice thereof to FPL. Any such termination shall be without liability of any party to any other party except as otherwise provided in subsections (c) and (e) of Section 5 hereof and except that in the event of such termination by the Representatives, FPL shall reimburse the Underwriters for out-of-pocket expenses reasonably incurred by them in connection with the transactions contemplated by this agreement, not in excess, however, of an aggregate of $5,000.

SECTION 7. Conditions of FPL's Obligations. The obligation of FPL to deliver the Bonds shall be subject to the following conditions:

(a) No stop order suspending the effectiveness of the Registration Statement, and no order directed to the adequacy of any Incorporated Document, shall be in effect at the Closing Date, and no proceedings for either such purpose shall be pending before, or threatened by, the Commission on such date.

(b) On the Closing Date there shall be in full force and effect an authorization of the Florida Public Service Commission with respect to the issuance and sale of the Bonds on the terms herein stated or contemplated, and containing no provision unacceptable to FPL by reason of the fact that it is materially adverse to FPL, it being understood that no authorization in effect at the date of this agreement contains any such unacceptable provision.

In case any of the conditions specified in this Section 7 shall not have been fulfilled, this agreement may be terminated by FPL upon mailing or delivering written notice thereof to the Representatives. Any such termination shall be without liability of any party to any other party, except as otherwise provided in subsections (c) and (e) of Section 5 hereof and except that in the event of such termination by FPL, FPL shall reimburse the Underwriters for out-of-pocket expenses reasonably incurred by them in connection with the transactions contemplated by this agreement, not in excess, however, of an aggregate of $5,000.

SECTION 8. Indemnification.

(a) FPL agrees to indemnify and hold harmless each Underwriter and each person who controls any Underwriter within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages or liabilities, joint or several, to which it or any of them may become subject under the Securities Act or any other statute or common law, and to reimburse each such Underwriter and controlling person for any legal or other expenses

(including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus (if used prior to the Effective Date), including all Incorporated Documents, or in the Registration Statement or the Prospectus, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the indemnity agreement contained in this paragraph shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission was made in reliance upon and in conformity with information furnished herein or to FPL in writing by or on behalf of any Underwriter, through the Representatives or otherwise, for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof, or arising out of, or based upon, statements in or omissions from the Statements of Eligibility on Form T-1 of the Mortgage Trustee and provided, further, that the indemnity agreement contained in this paragraph in respect of any preliminary prospectus shall not inure to the benefit of any Underwriter (or of any person controlling such Underwriter) on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of the Bonds to any person if such Underwriter shall have failed to send or give to such person (i) with or prior to the written confirmation of such sale, a copy of the Prospectus or the Prospectus as amended or supplemented, if any amendments or supplements thereto shall have been furnished at or prior to the time of written confirmation of the sale involved, but exclusive of any Incorporated Documents, unless, with respect to the delivery of any amendment or supplement, the alleged omission or alleged untrue statement is not corrected in such amendment or supplement at the time of confirmation, or (ii) with or prior to the delivery of such Bonds to such person, a copy of any amendment or supplement to the Prospectus which shall have been furnished subsequent to such written confirmation and prior to the delivery of such Bonds to such person, exclusive of any Incorporated Documents, unless, with respect to the delivery of any amendment or supplement, the alleged omission or alleged untrue statement was not corrected in such amendment or supplement at the time of such delivery. The indemnity agreement of FPL contained in this paragraph and the representations and warranties of FPL contained in Section 1 hereof shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or any such controlling person, and shall survive the delivery of the Bonds. The Underwriters agree promptly to notify FPL, and each other Underwriter, of the commencement of any litigation or proceedings against them or any of them or any such controlling person in connection with the issuance and sale of the Bonds.

(b) Each Underwriter agrees to indemnify and hold harmless FPL, its officers and directors, and each person who controls any thereof within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or other statute or common law, and to reimburse each of them for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities, or in connection with defending any actions,

insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or Prospectus or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon and in conformity with information furnished in writing to FPL by or on behalf of such Underwriter, through the Representatives or otherwise, for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof. Each Underwriter hereby furnishes to FPL in writing expressly for use in the Prospectus, [insert information provided by the Underwriters.] The indemnity agreement of the respective Underwriters contained in this paragraph shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of FPL or any of its officers or directors or any such other Underwriter or any such controlling person, and shall survive the delivery of the Bonds. FPL agrees promptly to notify the Representatives of the commencement of any litigation or proceedings against FPL (or any controlling person thereof) or any of its officers or directors in connection with the issuance and sale of the Bonds.

(c) FPL and the several Underwriters each agree that, upon the receipt of notice of the commencement of any action against it, its officers and directors, or any person controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, it will promptly give written notice of the commencement thereof to the party or parties against whom indemnity shall be sought thereunder, but the omission so to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability which it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party shall be entitled to participate at its own expense in the defense or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and satisfactory to the indemnified party or parties who shall be the defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the indemnifying party shall elect not to assume the defense of such action, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest involved in the representation by such counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the indemnifying party, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties who are parties to such action).

SECTION 9. Termination. This agreement may be terminated by the Representatives by delivering written notice thereof to FPL, at any time prior to the Closing Date if (a) after the date hereof and at or prior to the Closing Date there shall have occurred any general suspension

of trading in securities on the New York Stock Exchange, Inc. or there shall have been established by the New York Stock Exchange, Inc. or by the Commission or by any federal or state agency or by the decision of any court any limitation on prices for such trading or any restrictions on the distribution of securities, or a general banking moratorium declared by New York or federal authorities, or (b) there shall have occurred any new outbreak of hostilities including, but not limited to, an escalation of hostilities which existed prior to the date of this agreement or other national or international calamity or crisis, the effect of any such event specified in (a) or (b) above on the financial markets of the United States shall be such as to make it impracticable for the Underwriters to enforce contracts for the sale of the Bonds. This agreement may also be terminated at any time prior to the Closing Date if in the judgment of the Representatives the subject matter of any amendment or supplement to the Registration Statement or Prospectus prepared and furnished by FPL reflects a material adverse change in the business, properties or financial condition of FPL which renders it either inadvisable to proceed with such offering, if any, or inadvisable to proceed with the delivery of the Bonds to be purchased hereunder. Any termination of this agreement pursuant to this Section 9 shall be without liability of any party to any other party except as otherwise provided in subsections (c) and (e) of Section 5 hereof.

SECTION 10. Miscellaneous. The validity and interpretation of this agreement shall be governed by the law of the State of New York. This agreement shall inure to the benefit of FPL, the several Underwriters and, with respect to the provisions of Section 8 hereof, each officer, director and controlling person referred to in said Section 8, and their respective successors. Nothing in this agreement is intended or shall be construed to give to any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this agreement or any provision herein contained. The term "successors" as used in this agreement shall not include any purchaser, as such purchaser, of any Bonds from any of the several Underwriters.

SECTION 11. Notices. All communications hereunder shall be in writing or by telegram and, if to the Underwriters, shall be mailed or delivered to the Representatives at the address set forth in Schedule I hereto, or if to FPL, shall be mailed or delivered to it at 700 Universe Boulevard, Juno Beach, Florida 33408, attention: Treasurer.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,

Florida Power & Light Company

By: _____
Name:
Title:

Accepted and delivered as of
the date first above written:

By:_____
Name:
Title:

Acting on their own behalf and on behalf of the other several Underwriters referred to in the foregoing agreement.

SCHEDULE I

Underwriting Agreement dated _____ ___, 2001
Registration Statement No. 333-____
Representatives and Addresses:

Securities:

Designation:
Principal Amount:
Date of Maturity:
Interest Rate:
Purchase Price:
Public Offering Price:
Closing Date, Time and Location:

SCHEDULE II

Underwriter	Principal Amount of Bonds ____% Series due ____
TOTAL	

FLORIDA POWER & LIGHT COMPANY

Secured Medium-Term Notes, Series __

Distribution Agreement

[Date]

[Names and Addresses of Agents]

Ladies and Gentlemen:

The undersigned, FLORIDA POWER & LIGHT COMPANY, a Florida corporation ("FPL"), hereby confirms its agreement with each of you (individually, an "Agent" and collectively, the "Agents") as follows:

1. **Appointment of Agents.**

(a) FPL has authorized by appropriate corporate action and proposes to issue and sell in the manner contemplated by this agreement up to $_____ aggregate principal amount of Securities (as defined in Section 3(a) hereof) registered pursuant to the Registration Statement (as defined in Section 3(a) hereof).

(b) Subject to the terms and conditions stated in this agreement, FPL hereby appoints each of you as Agent for the purpose of offering and selling the Securities. FPL reserves the right to sell the Securities on its own behalf directly to investors and, from time to time, to appoint additional agents to sell the Securities, provided that FPL shall furnish the Agents with reasonable advance notification of the addition of any agent to sell the Securities and further provided that each such additional agent shall be required to execute a distribution agreement in form and substance substantially similar to this agreement, except that FPL and each such additional agent may change the form and substance of the commission rate schedule contained in each respective distribution agreement in any manner acceptable to FPL and such additional agent. FPL further reserves the right to change the principal amount of Securities to be sold by the Agents pursuant to this agreement, provided that FPL shall furnish the Agents with reasonable advance notification of such change. The foregoing shall not be construed to prevent FPL from selling at any time any of its securities, including the Securities in a firm commitment underwriting pursuant to an underwriting agreement that does not provide for a continuous offering of such securities. In the event that FPL shall sell securities during the period between the time at which FPL has accepted an offer to purchase Securities solicited by an Agent from such purchaser under the terms and conditions of this agreement and the Settlement Date (as defined in Section 4 hereof) and such sale directly results in the failure of such purchaser to accept delivery or pay for the Securities, FPL shall be obligated to pay the Agent a commission in respect of such Securities to be calculated in accordance with Exhibit B attached hereto.

(c) On the basis of the representations and warranties contained herein, but subject to the terms and conditions herein set forth, each Agent agrees, as agent of FPL, to use its reasonable best efforts when requested by FPL to solicit offers to purchase the Securities upon the terms and conditions set forth in the Prospectus (as defined in Section 3(a) hereof) and the Administrative Procedures attached hereto as Exhibit A, as they may be amended from time to time (the "Procedures").

(d) Administrative procedures relating to the offer and sale of the Securities, the issue and delivery of certificates representing the Securities and payment for the Securities are set forth in the Procedures. Each Agent and FPL agree to perform the respective duties and obligations to be performed by each of them as provided in the Procedures. The Procedures may be amended only by a written agreement between FPL and the Agents. The Agents agree that the principal amount of Securities to be offered and sold from time to time, the prices, the interest rates or the method, if any, of determining such interest rates, the

maturities, redemption provisions, and other terms at which the Securities are to be offered and sold will be in compliance with limitations established by FPL with the Agents in accordance with the Procedures.

(e) Promptly upon the Settlement Date, each Agent will be paid a commission for such Agent's services in acting as an agent for FPL in the sale of the Securities and not for a purchase by such Agent as principal, in accordance with the schedule set forth in Exhibit B hereto.

(f) Upon execution of this agreement by FPL and each Agent, it is agreed that the Distribution Agreement, dated _____ ("Prior Distribution Agreement"), among FPL and each of the Agents is terminated in accordance with Section 11 of such Prior Distribution Agreement.

2. Description of Securities. FPL proposes to issue the Securities under its Mortgage and Deed of Trust, dated as of January 1, 1944, to Bankers Trust Company, as Trustee (the "Trustee"), and The Florida National Bank of Jacksonville (now resigned), as heretofore supplemented, pursuant to the _____ Supplemental Indenture relating to an aggregate principal amount not to exceed $_____ of First Mortgage Bonds, designated Secured Medium-Term Notes, Series __ (the "Series __ Notes") dated as of _____ (the "Supplemental Indenture"), previously delivered to the Agents. On the date hereof, $_____ aggregate principal amount of such Series __ Notes remain unissued under the Supplemental Indenture. The Mortgage and Deed of Trust as it may be supplemented as of any Settlement Date is hereafter called the "Mortgage".

The Securities shall have the maturities, interest rates or the method, if any, of determining interest rates, redemption provisions, and other terms as set forth in the Prospectus. The Securities will be issued, and the terms thereof established, from time to time by FPL in accordance with the Mortgage and the Procedures.

3. Representations and Warranties of FPL. FPL represents and warrants to each Agent that:

(a) It has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3, including a prospectus ("registration statement No. _____"), for the registration of $_____ aggregate principal amount of its First Mortgage Bonds under the Securities Act of 1933, as amended (the "Securities Act"), which registration statement has been declared effective by the Commission. Subsequent to the date hereof, it will file with the Commission any additional registration statement or registration statements ("Subsequent Registration Statement") with respect to its First Mortgage Bonds necessary to assure that Securities (as defined below) offered and sold in accordance with the terms of this agreement are registered under the Securities Act. References herein to the term "Registration Statement" as of any given date shall initially mean registration statement No. _____, as amended or supplemented to such date, including all documents incorporated by reference therein as of such date pursuant to Item 12 of Form S-3 ("Incorporated Documents"). If FPL files a Subsequent Registration Statement with respect to its First Mortgage Bonds which FPL has notified the Agents will be available for offer and sale in accordance with the terms of this agreement ("Future Bonds"), at and after the time such Subsequent Registration Statement is declared effective by the Commission, references herein to the term "Registration Statement" as of any given date shall mean such Subsequent Registration Statement and, until such time as all First Mortgage Bonds registered pursuant to registration statement No. _____ ("Current Bonds") have been issued and sold (assuming that all Current Bonds are issued and sold before any Future Bonds) or deregistered, as the case may be, said registration statement No. _____, as it may be amended or supplemented at such time, including as of such time all Incorporated Documents. References herein to the term "Prospectus" at a particular time shall mean the prospectus forming a part of registration statement No. _____ or, after the Subsequent Registration Statement is declared effective by the Commission, the prospectus or combined prospectus forming a part of the Subsequent Registration Statement, each as may be supplemented by a prospectus supplement or prospectus supplements relating to, as the case may be, Current Bonds or Future Bonds, designated as Secured Medium-Term Notes, Series ___ ("Securities"), proposed to be filed pursuant to Rule 424(b) of the general rules and regulations of the Securities Act ("Rule 424"), and as it may have been amended or supplemented at such time (other than, when referring to the Prospectus relating to a particular offering of Securities, amendments or supplements relating to Securities other than the Securities being offered at a particular time), including all Incorporated Documents. References herein to

the term "Effective Date" shall be deemed initially to refer to the later of the time and date registration statement No. _____ was declared effective or the time and date of the filing thereafter of FPL's most recent Annual Report on Form 10-K and, after any Subsequent Registration Statement has been declared effective by the Commission, references to the term "Effective Date" shall be deemed to refer to the later of the time and date the Subsequent Registration Statement was declared effective or the time and date of the filing thereafter of FPL's most recent Annual Report on Form 10-K. For purposes of this agreement, any Incorporated Document filed with the Commission shall be deemed an amendment to the Registration Statement and a supplement to the Prospectus.

(b) At the Effective Date, the Registration Statement fully complied, and on each date the Prospectus is filed with, or transmitted for filing to, the Commission pursuant to Rule 424 (such date, the "Rule 424 Date") and on any Settlement Date, the Prospectus and the Mortgage will fully comply, in all material respects with the applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended (the "1939 Act"), respectively, and, in each case, the applicable instructions, rules and regulations of the Commission thereunder; at the Effective Date, the Registration Statement did not contain, and on any Settlement Date, the Registration Statement will not contain, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; on each Rule 424 Date and on any Settlement Date, the Prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the Incorporated Documents when filed with the Commission, fully complied or will fully comply in all material respects with the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable instructions, rules and regulations of the Commission thereunder; provided, that the foregoing representations and warranties in this subsection (b) shall not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to FPL by or on behalf of any Agents for use in connection with the preparation of the Registration Statement or the Prospectus, or to any statements in or omissions from the Statement of Eligibility on Form T-1, or amendments thereto, of the Trustee under the Mortgage.

(c) The financial statements included as part of or incorporated by reference in the Prospectus present fairly the financial condition and operations of FPL at the respective dates or for the respective periods to which they apply; such financial statements have been prepared in each case in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise indicated in the Registration Statement; and Deloitte & Touche LLP, who have audited the audited financial statements, are independent public accountants as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder.

(d) Except as reflected in or contemplated by the Registration Statement and the Prospectus, since the respective most recent dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change in the business, properties or financial condition of FPL nor has any material transaction been entered into by FPL other than changes and transactions contemplated by the Registration Statement and Prospectus, and transactions in the ordinary course of business. FPL has no material contingent obligation which is not disclosed in the Registration Statement and Prospectus.

(e) The consummation of the transactions herein contemplated and the fulfillment of the terms hereof on the part of FPL to be fulfilled have been duly authorized by all necessary corporate action of FPL in accordance with the provisions of its Restated Articles of Incorporation, as amended (the "Charter"), by-laws and applicable law, and the Securities when issued and delivered as provided herein will constitute legal, valid and binding obligations of FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

(f) The consummation of the transactions herein contemplated and the fulfillment of the terms hereof and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, FPL's Charter, by-laws or any indenture,

mortgage, deed of trust or other agreement or instrument to which FPL is now a party, or violate any law or any order, rule, decree or regulation applicable to FPL of any Federal or state court, regulatory board or body or administrative agency having jurisdiction over FPL or any of its property, except where such breach, default or violation would not have a material adverse effect on the business, properties or financial condition of FPL.

(g) All the property to be subjected to the lien of the Mortgage will be adequately described therein.

4. Settlement. Delivery of Securities in fully registered form shall be made in accordance with the Procedures. The date of authentication and issuance of the Global Security (as defined in the Procedures attached hereto) sold against delivery to FPL of funds in payment therefor is herein called the "Settlement Date." Delivery of, and payment for, Securities sold to the Agents as principal shall be made in accordance with the Terms Agreement (as defined in Section 12 hereof) relating to such Securities.

5. Obligations of Agents.

(a) In soliciting purchases of the Securities from FPL by others (including customers of the Agents), each Agent will be acting as sales agent for FPL and not as principal. Each Agent will use its reasonable best efforts to solicit and receive offers to purchase the Securities on behalf of FPL as contemplated hereby; provided, that each Agent in its sole discretion may suspend from time to time its efforts in offering for sale, and soliciting purchases of, the Securities. In any transaction where an Agent has acted as agent for FPL and has not purchased as principal, the Agent will make reasonable efforts to obtain performance by each purchaser of Securities from FPL, but the Agent will not have any liability to FPL in the event any such purchase is not consummated for any reason. FPL also understands that under no circumstances shall an Agent be obligated to purchase any Securities for its own account except to the extent that such Agent has acted as principal in purchasing Securities or has made a firm commitment with FPL in connection with an offering which has been expressly authorized by FPL and agreed to by such Agent. Unless FPL and the Agents shall otherwise agree, all purchases by an Agent as principal shall be made pursuant to a Terms Agreement.

(b) Each Agent agrees that in carrying out the transactions contemplated by this agreement, it will observe and comply with all securities or blue sky laws, regulations, rules and ordinances in any jurisdiction in which the Securities may be offered, sold or delivered applicable to it as Agent hereunder. Each Agent agrees not to cause any advertisement of the Securities to be published in any newspaper or periodical or posted in any public place and not to publicly issue any circular relating to the Securities other than the Prospectus, except in any case with the express consent of FPL.

6. Covenants of FPL. FPL agrees:

(a) To advise the Agents (i) when any amendment to the Registration Statement, except any Incorporated Documents, has become effective or any supplement to the Prospectus has been filed, (ii) of any request by the Commission for any amendment of the Registration Statement or the Prospectus or for any additional information with respect to the Registration Statement or the Prospectus, (iii) of the issuance by the Commission of any "stop order" suspending the effectiveness of the Registration Statement or the institution, or advice from the Commission that it is considering the institution, of any proceeding for that purpose, and (iv) of the receipt by FPL of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. FPL will use its best efforts to prevent the issuance of any such "stop order" and, if issued, to obtain as soon as possible the withdrawal thereof. FPL will not file any amendment to the Registration Statement or supplement to the Prospectus unless FPL has furnished the Agents through Pillsbury Winthrop LLP, who are acting as counsel for the Agents ("Counsel for the Agents") copies for its review prior to filing, except that FPL is not required to so furnish the Agents with copies of any amendment to the Registration Statement or supplement to the Prospectus if such amendment or supplement is a Form 8-K filed solely for the purpose of filing, pursuant to Item 601 of Regulation S-K, exhibits unrelated to the transactions contemplated by this agreement;

(b) To furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Securities for offer and sale under the blue sky laws of such jurisdictions as the Agents may designate and will pay filing fees and expenses (including fees and expenses of counsel), in the aggregate not exceeding $7,500, provided that FPL shall not be required to qualify as a foreign corporation or dealer in securities, or to file any consents to service of process under the laws of any jurisdiction, or to meet other requirements deemed by FPL to be unduly burdensome;

(c) To prepare and file, from time to time, such statements and reports as are or may be required of it as the issuer of the Securities to continue such qualifications under such securities laws in effect for so long as this agreement remains in effect;

(d) To furnish to the Agents and Counsel for the Agents one signed copy of the Registration Statement, or if a signed copy is not available, one conformed copy of the Registration Statement certified by an officer of FPL to be in the form as originally filed, including Incorporated Documents and all exhibits except those incorporated by reference, including a signed or conformed copy of each consent and certificate included therein or filed as an exhibit thereto. FPL will furnish the Agents as soon as practicable after the date of this agreement as many copies of the Prospectus as the Agents may reasonably request for the purposes contemplated by the Securities Act;

(e) To deliver to the Agents without charge as soon as practicable after the Registration Statement and each post-effective amendment thereto becomes effective, and as soon as practicable after each supplement to the Prospectus has been filed, as many copies of the Prospectus as then amended or supplemented as the Agents may reasonably request for the purposes contemplated by the Securities Act;

(f) To file timely all reports, and amendments thereto, required to be filed by FPL with the Commission pursuant to Section 13 or 15(d) of the Exchange Act subsequent to the original effective date of the Registration Statement and for so long as this agreement shall remain in effect and to deliver to the Agents without charge promptly after the filing thereof as many copies of each such report and amendment (excluding exhibits) as the Agents may reasonably request;

(g) To deliver to the Agents, so long as this agreement shall remain in effect, as promptly as possible copies of any published reports of FPL to its security holders, including any annual report and quarterly reports of FPL, and any other financial reports made generally available to its security holders;

(h) If an earnings statement is not included in a quarterly report of FPL to its security holders, to make generally available to its security holders once in each calendar quarter, commencing with the quarter beginning after the date of this agreement and ending with the first calendar quarter after the quarter which ends twelve consecutive months after the end of the calendar quarter in which the last sale of Securities effected pursuant hereto occurs, an earnings statement (which need not be audited) of FPL in reasonable detail, covering a period of twelve consecutive months ending at the close of the next preceding calendar quarter, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(i) So long as this agreement remains in effect and at any time thereafter when delivery of a prospectus shall be required by the Securities Act in connection with the sale of any of the Securities or resale of any Securities purchased by the Agents as principal hereunder, if any event relating to or affecting FPL, or of which FPL shall be advised in writing by the Agents shall occur, which, in FPL's opinion, should be set forth in a supplement to or an amendment of the Prospectus in order to make the Prospectus not misleading in the light of the circumstances when it is delivered, FPL will forthwith (i) notify the Agents promptly to suspend offers for sale and solicitations of purchases of the Securities, and promptly after the receipt of such notice the Agents will suspend offers for sale and solicitations of purchases of the Securities and cease using the Prospectus and (ii) at its expense prepare and furnish to the Agents a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Prospectus which will supplement or amend the Prospectus so that as so supplemented or amended it will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances when the Prospectus is delivered, not misleading (provided that should such event relate solely to the activities of any of the Agents, then the

Agents shall assume the expense of preparing and furnishing copies of any such amendment or supplement) and will advise the Agents when they may resume offers for sale and solicitations of purchases of the Securities;

(j) To pay all expenses, fees and taxes (but not including any transfer taxes) in connection with (i) the preparation and filing and printing of copies of the Registration Statement and amendments thereto and the Prospectus and amendments and supplements thereto, including in each case all Incorporated Documents, and this agreement, (ii) the issuance and delivery of the Securities, (iii) the qualification for offer and sale of the Securities under securities laws as aforesaid (subject to the limit on such expenses and fees specified in Section 6(b) hereof) and (iv) the preparation, execution and delivery of the Supplemental Indenture. FPL also agrees to pay or reimburse the Agents for the reasonable fees and expenses of Counsel for the Agents for their continuing advice and services in connection with the transactions contemplated hereby including advice and services in connection with any Subsequent Registration Statement and (unless otherwise specified in a Terms Agreement) any purchase by the Agents or any Agent pursuant to Section 12 hereof. Semi-annually the Agents agree to notify FPL in writing in reasonable detail of such fees and expenses of Counsel for the Agents; and

(k) Promptly after the execution of this agreement FPL will reimburse the Agents for the reasonable fees and expenses of Counsel for the Agents and other out-of-pocket expenses of the Agents related to the Agents' services in connection with the implementation of the program for the offer and sale of the Securities as contemplated hereby not exceeding in the aggregate $_____ (exclusive of fees and expenses referred to in Sections 6(b) and 6(j) hereof).

7. **Conditions of Agents' Obligations.** The obligations of the Agents to act and continue to act as Agents hereunder, and the obligation of the Agents to purchase Securities as principal pursuant to any Terms Agreement, shall be subject to the accuracy of, and compliance with, the representations and warranties of FPL contained herein at the date of this agreement and any Settlement Date (except for immaterial details), to the performance by FPL of its obligations to be performed hereunder (except for immaterial details) and to the following conditions:

(a) No stop order suspending the effectiveness of the Registration Statement shall be in effect; no order of the Commission directed to the adequacy of any Incorporated Document shall have been issued; no proceedings for either such purpose shall be pending before, or threatened by, the Commission; at the date of this agreement the Agents shall have received a certificate of FPL signed by an officer of FPL to the effect that, to the best of his or her knowledge, no such order is in effect and no proceedings for such purpose are pending before, or, to the knowledge of FPL, threatened by, the Commission; and all requests for additional information with respect to the Registration Statement or the Prospectus on the part of the Commission shall have been complied with by FPL to the reasonable satisfaction of the Agent.

(b) At the date of this agreement, the Agents shall have received from Steel Hector & Davis LLP, counsel to FPL, a favorable opinion (with a copy thereof for each of the Agents), which opinion will not pass upon compliance with provisions of the blue sky laws of any jurisdiction, in form and substance satisfactory to Counsel for the Agents, to the effect that:

(i) FPL is a validly organized and existing corporation and is in good standing under the laws of the State of Florida, and is doing business in that State, and has valid franchises, licenses and permits adequate for the conduct of its business;

(ii) FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Prospectus; FPL is subject, as to retail rates and services, issuance of securities, accounting and certain other matters, to the jurisdiction of the Florida Public Service Commission; and FPL is subject, as to wholesale rates, accounting and certain other matters to the jurisdiction of the Federal Energy Regulatory Commission;

(iii) the Mortgage has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered, and is a valid and binding instrument enforceable in accordance with its terms, except as limited or affected by bankruptcy,

insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity;

(iv) the Securities will, when issued and paid for as contemplated herein, be valid and binding obligations of FPL and, assuming payment of intangible tax and document excise tax in accordance with the Procedures, such Securities will be enforceable in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity, and will be entitled to the benefit of the security afforded by the Mortgage;

(v) the Registration Statement, at the Effective Date, and the Prospectus, at the Rule 424 Date (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein and except for those parts of the Registration Statement that constitute a Statement of Eligibility on Form T-1, or amendments thereto, upon which such opinion need not pass), complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder and the Incorporated Documents (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, upon which such opinion need not pass), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act and the applicable instructions, rules and regulations of the Commission thereunder. The Registration Statement is, at the date of this agreement, effective under the Securities Act, and to the best of the knowledge of said counsel, no proceedings for a stop order with respect thereto are pending or threatened under Section 8 of the Securities Act;

(vi) the consummation of the transactions herein contemplated and the fulfillment of the terms hereof and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or by-laws of FPL, or any indenture, mortgage, deed of trust or other agreement or instrument the terms of which are known to such counsel to which FPL is now a party, except where such breach or default would not have a material adverse effect on the business, properties or financial condition of FPL;

(vii) nothing has come to the attention of said counsel that would lead them to believe that the Registration Statement (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein and except for those parts of the Registration Statement that constitute a Statement of Eligibility on Form T-1, or amendments thereto, upon which such opinion need not pass), at the Effective Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the Rule 424 Date and at the date of such opinion (except as aforesaid), included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, provided that such counsel may state that their belief is based upon their participation in the preparation of the Registration Statement and the Prospectus and any supplements and amendments thereto and review and discussion of the contents thereof, but is without independent check or verification except as specified;

(viii) the Securities are being issued and sold pursuant to the authority contained in an order of the Florida Public Service Commission, which authority is adequate to permit the issuance and sale of the Securities during [calendar year]. To the best of the knowledge of said counsel, said authorization is still in full force and effect, and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction) is legally required for the authorization of the issuance and sale of the Securities;

(ix) the statements made in the Prospectus under the headings "Description of the Bonds" and ["Certain Terms of the Offered Bonds"], insofar as they purport to constitute summaries of the terms of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects;

(x) the Mortgage is duly qualified under the 1939 Act;

(xi) this agreement has been duly and validly authorized, executed and delivered by FPL;

(xii) as to the Mortgaged and Pledged Property, as defined in the Mortgage, FPL has satisfactory title to any easements and personal properties, and good and marketable or insurable title in fee simple to any other real properties (except as FPL's interest is stated to be otherwise), subject only to Excepted Encumbrances, as defined in the Mortgage, to any lien, if any, existing or placed thereon at the time of acquisition thereof by FPL, to minor defects and encumbrances customarily found in the case of properties of like size and character and which, in the opinion of said counsel, would not impair the use thereof by FPL (all of which title exceptions, encumbrances, liens and defects are hereinafter referred to as "Exceptions"), and to the lien of the Mortgage; the Mortgage constitutes a valid, direct, and first mortgage lien upon the Mortgaged and Pledged Property now owned by FPL, subject, however, to the Exceptions and as set forth in the last sentence of this paragraph; and the description of properties in the Mortgage is adequate to constitute the Mortgage a lien on Mortgaged and Pledged Property hereafter acquired by FPL, subject, however, to the Exceptions and except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. Mortgaged and Pledged Property acquired after the most recent recording of a supplemental indenture may also be subject to possible rights of others which may attach prior to recordation of a supplemental indenture subsequent to the acquisition of such property;

(xiii) except as stated or referred to in the Prospectus, there are no material pending legal proceedings to which FPL is a party or of which property of FPL is the subject which if determined adversely would have a material adverse effect on FPL, and, to the best of the knowledge of said counsel, no such proceeding is known to be contemplated by governmental authorities; and

(xiv) the information contained in the Prospectus which is stated therein to have been made in reliance upon the authority of said counsel or is specifically attributed to them, has been reviewed by them and is correct.

In said opinion such counsel may rely as to all matters of New York law on an opinion of Thelen Reid & Priest LLP and as to matters relating to Mortgaged and Pledged Property located in the State of Georgia on (i) prior opinions provided to FPL on matters of Georgia law and (ii) a current opinion from Georgia counsel.

(c) At the date of this agreement, the Agents shall have received from Thelen Reid & Priest LLP, counsel to FPL, a favorable opinion (with a copy thereof for each of the Agents), which opinion will not pass upon compliance with provisions of the blue sky laws of any jurisdiction, in form and substance satisfactory to Counsel for the Agents, to the same effect with respect to matters enumerated in paragraphs (iii) - (xi) of subsection (b) of this Section 7. In said opinion such counsel may rely as to all matters of Florida law on the opinion of Steel Hector & Davis LLP, and will not pass upon the incorporation of FPL, titles to property, franchises or the lien of the Mortgage.

(d) At the date of this agreement, the Agents shall have received from Counsel for the Agents a favorable opinion (with a copy thereof for each of the Agents) to the same effect with respect to the matters enumerated in (iii) - (v), (vii) and (ix) - (xi) of Subsection (b) of this Section 7. In said opinion such counsel may rely as to all matters of Florida law on the opinion of Steel Hector & Davis LLP, and will not pass upon the incorporation of FPL, titles to property, franchises or the lien of the Mortgage.

(e) At the date of this agreement, each of the Agents shall have received from Deloitte & Touche LLP a letter to the effect that (i) they are independent public accountants with respect to FPL within the meaning of the Securities Act and the Exchange Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the consolidated financial statements audited by them and incorporated by reference in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder; (iii) on the basis of a reading of the unaudited condensed consolidated financial statements of FPL incorporated by reference in the Prospectus, the latest available interim unaudited consolidated financial statements of FPL since the close of FPL's most recent audited fiscal year, the minutes and consents of the Board of Directors, the Finance Committee of the Board of Directors, the Stock Issuance Committee of the Board of Directors, and the Shareholder of FPL since the end of the most recent audited fiscal year, and inquiries of officials of FPL who have responsibility for financial and accounting matters (it being understood that the foregoing procedures do not constitute an audit made in accordance with generally accepted auditing standards and they would not necessarily reveal matters of significance with respect to the comments made in such letter, and accordingly that Deloitte & Touche LLP make no representation as to the sufficiency of such procedures for the several Agents' purposes), nothing has come to their attention which caused them to believe that (a) the unaudited condensed consolidated financial statements of FPL incorporated by reference in the Prospectus (1) do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder and (2) except as disclosed in the Prospectus, are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of FPL incorporated by reference in the Prospectus, (b) at the date of the latest available interim balance sheet read by them and at a specified date not more than five days prior to the date of this agreement there was any change in the common stock or additional paid-in capital, increase in the preferred stock or long-term debt of FPL and its subsidiaries, or decrease in its shareholders' equity, in each case as compared with amounts shown in the most recent consolidated balance sheet incorporated by reference in the Prospectus, except in all instances for changes, increases or decreases which the Prospectus discloses have occurred or may occur, or as occasioned by the declaration, provision for, or payment of dividends, or which are described in such letter, or (c) for the period from the date of the most recent consolidated balance sheet incorporated by reference in the Prospectus to the latest available interim balance sheet read by them and for the period from the date of the latest available interim balance sheet read by them to a specified date not more than five days prior to the date of this agreement, there were any decreases, as compared with the corresponding period in the preceding year, in total consolidated operating revenues or in net income or net income available to FPL Group, Inc., except in all instances for decreases which the Prospectus discloses have occurred or may occur, or which are described in such letter; and (iv) they have carried out certain procedures and made certain findings, as specified in such letter, with respect to certain amounts included in the Prospectus and Exhibit 12 to the Registration Statement and such other items as the Agents may reasonably request.

(f) Since the respective most recent dates as of which information is given in the Registration Statement and Prospectus, there shall have been no material adverse change in the business, properties or financial condition of FPL, except as reflected in or contemplated by the Registration Statement and Prospectus, and since such dates there shall have been no material transaction entered into by FPL other than transactions disclosed by the Registration Statement and the Prospectus, and transactions in the ordinary course of business; and at the date of this agreement the Agents shall have received a certificate to such effect, signed on behalf of FPL by an officer of FPL.

(g) The Agents shall have received any certificate required by Section 8(b) hereof.

(h) On the first Settlement Date occurring in each calendar year, Steel Hector & Davis LLP and Thelen Reid & Priest LLP shall each provide to the Agents an opinion dated the Settlement Date to the effect provided in Section 7(b)(viii).

(i) There shall be in full force and effect an authorization of the Florida Public Service Commission with respect to the issuance and sale of the Securities on the terms herein stated or contemplated, and containing no provision unacceptable to the Agents by reason of the fact that it is materially adverse to

FPL; and at the date of this agreement the Agents shall have received a certificate to such effect, signed by FPL.

(j) All legal proceedings to be taken in connection with the issuance and sale of the Securities shall have been satisfactory in form and substance to Counsel for the Agents.

In case any of the conditions specified above in this Section 7 shall not have been fulfilled, the Agents shall have no further obligation to proceed with any offering, sale, or any solicitation of purchase of the Securities or any purchase by the Agents as principal of the Securities pursuant to any Terms Agreement or otherwise.

8. Further Representations and Warranties by FPL. FPL represents and warrants, and agrees with the Agents, that:

(a) Each authorization by FPL to the Agents to offer for sale, or solicit purchases of, the Securities as provided in the Procedures and each purchase of Securities by the Agent as principal pursuant to any Terms Agreement shall be deemed to be an affirmation that the representations and warranties of FPL contained in this agreement are true and correct at the time of such authorization or at the date of such Terms Agreement, as the case may be, and an undertaking that such representations and warranties will be true and correct at the time of delivery of and payment for Securities sold pursuant to such authorization or Terms Agreement as provided in Section 4 hereof or in such Terms Agreement, in each case as though made at and as of each such time or date (except that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to each such time or date);

(b) Delivery for Securities at each Settlement Date shall be deemed to be a certification by FPL that (i) all intangible and document excise taxes payable in accordance with Settlement Procedure E of the Procedures have been duly paid and (ii) any resolutions of the Board of Directors of FPL or the Finance Committee of FPL's Board of Directors establishing the Securities and authorizing their execution, authentication and delivery pursuant to this agreement have not been amended or superseded and remain in full force and effect; provided that if such resolutions have been amended or superseded, at each such Settlement Date occurring on or after such resolutions shall be amended or superseded, FPL shall provide the Agents with a certificate signed by FPL to the effect that such resolutions have been so amended or superseded and attaching to such certificate a copy of the resolutions as amended or the superseding resolutions together with the opinions of Steel Hector & Davis LLP and Thelen Reid & Priest LLP, each dated the Settlement Date, to the effect provided in Section 7(b)(iv).

(c) Each time that the Registration Statement or the Prospectus shall be amended or supplemented, or a document shall be filed under the Exchange Act which is incorporated by reference in the Registration Statement or Prospectus (except (i) supplements or amendments relating solely to the sale of the Securities, (ii) supplements or amendments relating solely to a change in the interest rates or maturities of the Securities or a change in the principal amount of Securities remaining to be sold or similar changes and (iii) Forms 8-K that are filed solely for the purpose of filing exhibits pursuant to Item 601 of Regulation S-K) or FPL shall sell Securities to the Agents pursuant to a Terms Agreement (if required by the Agents with respect to a particular Terms Agreement), FPL shall furnish or cause to be furnished forthwith to the Agents a certificate in form and substance satisfactory to the Agents in their reasonable judgment to the effect that the statements contained in the certificate referred to in Section 7(f) hereof which were last furnished to the Agents are true and correct at the time of such amendment or supplement or filing or sale, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such time) or, in lieu of such a certificate, a certificate, in form and substance satisfactory to the Agents in their reasonable judgment, of the same general tenor as the certificate referred to in said Section 7(f) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such certificate;

(d) Each time that the Registration Statement or the Prospectus shall be amended or supplemented, or a document shall be filed under the Exchange Act which is incorporated by reference in the Registration

Statement or Prospectus (except (i) supplements or amendments relating solely to the sale of the Securities, (ii) supplements or amendments relating solely to a change in the interest rates or maturities of the Securities or a change in the principal amount of Securities remaining to be sold or similar changes and (iii) Forms 8-K that are filed solely for the purpose of filing exhibits pursuant to Item 601 of Regulation S-K) or FPL shall sell Securities to the Agents pursuant to a Terms Agreement (if required by the Agents with respect to a particular Terms Agreement), FPL shall furnish or cause to be furnished forthwith to the Agents written opinions of Steel Hector & Davis LLP and Thelen Reid & Priest LLP, dated the date of delivery thereof and in form and substance satisfactory to Counsel for the Agents, of the same tenor as the opinions required by clauses (v), (vii) and (ix) of Section 7(b) hereof but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to the date of such opinions or, in lieu of such opinions, such counsel may furnish to the Agents a letter to the effect that the Agents may rely on such last opinions to the same extent as though they were dated the date of such letter authorizing reliance (except that statements in such last opinions shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such letters authorizing reliance);

(e) Each time that the Registration Statement or the Prospectus shall be amended or supplemented to set forth financial information included in or derived from FPL's financial statements, or any document containing financial information so included or derived shall be filed under the Exchange Act and incorporated by reference in the Prospectus or FPL shall sell Securities to the Agents pursuant to a Terms Agreement (if required by the Agents with respect to a particular Terms Agreement), FPL shall cause Deloitte & Touche LLP to furnish to the Agents a letter, dated five business days after the date of filing such amendment or supplement or document with the Commission, in form and substance satisfactory to the Agents in their reasonable judgment, of the same general tenor as the letter referred to in Section 7(e) hereof but with appropriate modifications to relate to the Registration Statement and the Prospectus as amended and supplemented to the date of such letter and as may be necessary to reflect changes in the financial information included or incorporated by reference in the Registration Statement and the Prospectus as then amended or supplemented since the date of the last previous such letter furnished to the Agents; provided, however, that no letter need be furnished (except that if the Agents reasonably request, a letter addressing solely the matters described in Section 7(e)(iv) hereof shall be furnished) with respect to year-end audited financial statements of FPL if copies of such audited financial statements are delivered to the Agents; and

(f) Notwithstanding the foregoing, it is agreed that if, at any time and from time to time during the term of this agreement, FPL should deliver to the Agents notification of its decision to suspend any sale of Securities hereunder, then during the period of any such suspension or suspensions FPL shall be relieved of its obligation to provide to the Agents the certificate, opinions and letter required pursuant to Sections 8(c), 8(d) and 8(e) hereof. However, whenever such a suspension is lifted, FPL shall be required to deliver to the Agents, prior to the resumption of any sale of Securities hereunder, the most recent certificate, opinions and letter which would have been required except for the suspension.

9. Indemnification.

(a) FPL agrees to indemnify and hold harmless each Agent and each person who controls such Agent within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages or liabilities, joint or several, to which it or any of them may become subject under the Securities Act or any other statute or common law, and to reimburse each such Agent and controlling person for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus (if used prior to the Effective Date of the Registration Statement), including all Incorporated Documents, or in the Registration Statement or the Prospectus, or in the Registration Statement or Prospectus, as amended or supplemented (if any amendments or supplements thereto shall have been furnished), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the

indemnity agreement contained in this paragraph shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission was made in reliance upon and in conformity with information furnished herein or to FPL in writing by or on behalf of any such Agent, for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof, or arising out of, or based upon, statements in or omissions from the Statement of Eligibility on Form T-1 of the Trustee and provided, further, that the indemnity agreement contained in this paragraph in respect of any preliminary prospectus shall not inure to the benefit of such Agent (or of any person controlling such Agent) on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of the Securities to any person if such Agent shall have failed to send or give to such person (i) with or prior to the written confirmation of such sale, a copy of the Prospectus or the Prospectus as amended or supplemented, if any amendments or supplements thereto shall have been furnished at or prior to the time of written confirmation of the sale involved, but exclusive of any Incorporated Documents unless, with respect to the delivery of any amendment or supplement, the alleged omission or alleged untrue statement is not corrected in such amendment or supplement at the time of confirmation, or (ii) with or prior to the delivery of such Securities to such person, a copy of any amendment or supplement to the Prospectus which shall have been furnished subsequent to such written confirmation and prior to the delivery of such Securities to such person, exclusive of any Incorporated Documents unless, with respect to the delivery of any amendment or supplement, the alleged omission or alleged untrue statement was not corrected in such amendment or supplement at the time of such delivery. Each Agent agrees promptly to notify FPL, and each other Agent, of the commencement of any litigation or proceedings against it or any such controlling person in connection with the issuance and sale of the Securities.

(b) Each Agent agrees to indemnify and hold harmless FPL, its officers and directors, and each person who controls any thereof within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law, and to reimburse each of them for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities, or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or Prospectus as amended or supplemented (if any amendments or supplements thereto shall have been furnished) or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon and in conformity with information furnished in writing to FPL by or on behalf of such Agent, for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof. The indemnity agreement of each Agent contained in this paragraph shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of FPL or any of its officers or directors or any such controlling person, and shall survive the delivery of the Securities. FPL agrees promptly to notify each Agent of the commencement of any litigation or proceedings against FPL (or any controlling person thereof) or any of its officers or directors in connection with the issuance and sale of the Securities.

(c) FPL and each of the Agents agree that, upon the receipt of notice of the commencement of any action against it, its officers and directors, or any person controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, it will promptly give written notice of the commencement thereof to the party or parties against whom indemnity shall be sought thereunder, but the omission so to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability which it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party shall be entitled to participate at its own expense in the defense or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and satisfactory to the indemnified party or parties who shall be the defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by

them; but if the indemnifying party shall elect not to assume the defense of such action, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest involved in the representation by such counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the indemnifying party, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties who are parties to such action).

10. Survival. The indemnity agreements contained in Section 9 hereof and the representations, warranties and other statements of FPL and the Agents set forth in this agreement or any Terms Agreement or made by FPL and the Agents pursuant to this agreement or any Terms Agreement shall remain in full force and effect, regardless of (i) any termination of this agreement, (ii) any investigation made by or on behalf of the Agents or any of their controlling persons or by or on behalf of FPL or any of its officers, directors or controlling persons or (iii) acceptance of delivery of and payment for Securities sold hereunder.

11. Termination.

(a) This agreement may be terminated at any time by any party hereto upon the giving of written notice of such termination to the other parties hereto effective at the close of business on the date such notice is received. In the event of any such termination, no party shall have any liability to any other party hereto, except as provided in Section 1(e), Section 5(b), Section 6(b), (i), (j) and (k) and Section 9 hereof and except that, if at the time of any such termination the Agents shall have previously confirmed sales of Securities for which delivery and payment has not yet been made, FPL shall remain obligated in respect of such sales as provided in Section 4 hereof and shall continue to have the obligations provided in Section 8 hereof until delivery of and payment for all Securities so sold have been completed.

(b) The Agents may terminate a Terms Agreement by delivering written notice thereof to FPL, at any time prior to the Settlement Date specified therein if (i) prior to such time there shall have occurred any general suspension of trading in securities on the New York Stock Exchange, Inc. or there shall have been established by the New York Stock Exchange, Inc. or by the Commission or by any federal or state agency or by the decision of any court any limitation on prices for such trading or any restrictions on the distribution of securities, or a general banking moratorium declared by New York or federal authorities, or (ii) there shall have occurred any new outbreak of hostilities including, but not limited to, an escalation of hostilities which existed prior to the date of such Terms Agreement or other national or international calamity or crisis, the effect of any such event specified in (i) or (ii) above on the financial markets of the United States shall be such as to make it impracticable for the Agent to enforce contracts for the sale of Securities. A Terms Agreement may also be terminated at any time prior to the Settlement Date specified therein if in the judgment of the Agents the subject matter of any amendment or supplement to the Registration Statement or the Prospectus prepared and furnished by FPL reflects a material adverse change in the business, properties or financial condition of FPL which renders it either inadvisable to proceed with such offering, if any, or inadvisable to proceed with the delivery of the Securities to be purchased under such Terms Agreement. Any termination of a Terms Agreement shall be without liability of any party to any other party except as otherwise provided in Section 6(i), the first sentence of Section 6(j), Section 9 and Section 10 hereof.

12. Purchases as Principal. Unless FPL and the Agents shall otherwise agree, each sale of Securities to the Agents as principal for resale to others shall be made in accordance with the terms of this agreement and any separate agreement specified by FPL which will provide for the sale of such Securities to, and the purchase and reoffering thereof by, the Agents. Each such separate agreement, herein referred to as a "Terms Agreement," whether oral (it being understood that such oral agreement shall be confirmed in writing prior to the Settlement Date) or in writing shall be with respect to such information (as applicable) as is specified in Exhibit C hereto. Any such writing may take the form of an exchange of any standard form of written telecommunication between the Agents and FPL. The Agents' commitment to purchase Securities pursuant to any Terms Agreement shall be

deemed to have been made on the basis of the representations and warranties of FPL herein contained and shall be subject to the terms and conditions herein set forth. Such Terms Agreement may also specify any requirements for the opinions of counsel, accountants' letters and officers' certificates pursuant to Section 8 hereof.

13. Miscellaneous. The validity and interpretation of this agreement shall be governed by the law of the State of New York. This agreement shall inure to the benefit of FPL, the Agents and, with respect to the provisions of Section 9 hereof, each officer, director and controlling person referred to in said Section 9, and their respective successors. Nothing in this agreement is intended or shall be construed to give to any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this agreement or any provision herein contained. The term "successors" as used in this agreement shall not include any purchaser, as such purchaser, of any Securities from the Agents.

14. Notices. Except as otherwise specifically provided herein or in the Procedures, all communications hereunder shall be in writing, or by telegram and, if to the Agents, shall be mailed or delivered to:

or, if to FPL, shall be mailed or delivered to it at 700 Universe Boulevard, Juno Beach, Florida 33408, Attention: Treasurer.

15. Counterparts. This agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,

FLORIDA POWER & LIGHT COMPANY

By _____

Accepted and delivered as of
the date first written above

_____

_____

_____

EXHIBIT A

FLORIDA POWER & LIGHT COMPANY
Secured Medium-Term Notes, Series ___
Administrative Procedures for Fixed and Variable Rate Securities Issued in Book-Entry Form

Secured Medium-Term Notes, Series ___, due from nine months to thirty years from date of issue (the "Securities") are to be offered on a continuing basis by Florida Power & Light Company ("FPL"). _____ as agents (each an "Agent" and collectively, the "Agents"), have agreed to use their reasonable best efforts to solicit offers to purchase the Securities. The Securities are being sold pursuant to a Distribution Agreement between FPL and the Agents dated _____ (the "Distribution Agreement") to which these administrative procedures are attached as an exhibit. The Securities will be issued under FPL's Mortgage and Deed of Trust, dated as of January 1, 1944, to Bankers Trust Company, as Trustee (the "Trustee"), and The Florida National Bank of Jacksonville (now resigned), as supplemented, pursuant to the _____ Supplemental Indenture dated as of _____ (the "Mortgage"). The Securities will either bear interest at a fixed rate (the "Fixed Rate Securities") or at a variable rate (the "Variable Rate Securities"). Bankers Trust Company will act as the paying agent (the "Paying Agent") for the payment of principal of and premium, if any, and interest on the Securities and will perform, as the Paying Agent, unless otherwise specified, the other duties specified herein. Terms defined in the Distribution Agreement shall have the same meaning when used in this exhibit.

Each Security will be represented by a Global Security (as defined below) delivered to Bankers Trust Company, as agent for The Depository Trust Company ("DTC") and recorded in the book-entry system maintained by DTC. An owner of a Security represented by a Global Security will not be entitled to receive a certificate representing such a Security.

Administrative procedures and specific terms of the offering are explained below. Administrative responsibilities and record-keeping functions will be performed by FPL's Treasurer or its Assistant Treasurer.

In connection with the qualification of the Securities for eligibility in the book-entry system maintained by DTC, Bankers Trust Company will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations from FPL and Bankers Trust Company to DTC dated as of June 19, 1992, and a Medium-Term Note Certificate Agreement between Bankers Trust Company and DTC dated as of October 21, 1988, and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS").

Price to Public

Each Security will be issued at 100% of principal amount, unless otherwise determined by FPL and specified in a supplement to the Prospectus ("Pricing Supplement").

Issuance

On any date of Settlement (as defined under "Settlement" below) for all Fixed Rate Securities, FPL will issue one or more global securities in fully registered form without coupons (a "Global Security") representing up to $_____ principal amount of all such Fixed Rate Securities that have the same Issue Price, Issue Date, Maturity Date, Interest Rate, Interest Payment Dates and terms for redemption, if any (in each case, and for all purposes of these administrative procedures, as defined in the Prospectus (as defined in Section 3(a) of the Distribution Agreement)) (collectively the "Fixed Rate Terms"). On any date of Settlement for all Variable Rate

Securities, FPL will issue one or more Global Securities representing up to $_____ principal amount of all such Variable Rate Securities that have the same Issue Price, Issue Date, Maturity Date, base rate upon which interest may be determined (a "Base Rate"), which may be the Commercial Paper Rate, the Treasury Rate, LIBOR, the Cost of Funds Rate, the CD Rate, the Federal Funds Rate, the Prime Rate or any other rate set forth by FPL, Initial Interest Rate, Index Maturity, Spread or Alternate Rate Event Spread, if any, minimum interest rate, if any, maximum interest rate, if any, Interest Payment Dates and terms for redemption, if any (collectively, the "Variable Rate Terms"). Each Global Security will be dated and issued as of the date of its authentication by the Trustee. No Global Security will represent any securities in certificated form.

Maturities

Each Security will mature on a date mutually agreed upon by the purchaser and FPL, such date being at least nine months but not more than thirty years from the date of issuance.

Denominations

The Securities will be initially issued in denominations of $100,000 and any larger denomination which is an integral multiple of $1,000. Global Securities will be denominated in principal amounts not in excess of $400,000,000. If one or more Securities having an aggregate principal amount in excess of $400,000,000 would, but for the preceding sentence, be represented by a single Global Security, then one Global Security will be issued to represent each $400,000,000 principal amount of such Security or Securities and an additional Global Security will be issued to represent any remaining principal amount of such Security or Securities. In such a case, each of the Global Securities representing such Security or Securities shall be assigned the same CUSIP number.

Identification Numbers

FPL has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the reservation of one series of CUSIP numbers (including tranche numbers), which series consists of approximately 900 CUSIP numbers and relates to Global Securities representing the Securities. FPL has obtained from the CUSIP Service Bureau a written list of such series of reserved CUSIP numbers and has delivered to Bankers Trust Company and to DTC's Underwriting Department a written list of such 900 CUSIP numbers. Bankers Trust Company will assign CUSIP numbers to Global Securities as described below under Settlement Procedure "B". DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that Bankers Trust Company has assigned to Global Securities. At any time when fewer than 100 of the reserved CUSIP numbers of the series remain unassigned to Global Securities, and if it deems necessary, Bankers Trust Company or FPL will reserve additional CUSIP numbers for assignment to Global Securities representing the Securities. Upon obtaining such additional CUSIP numbers, Bankers Trust Company or FPL shall deliver a list of such additional CUSIP numbers to DTC's Underwriting Department.

Registration

Each Global Security will be registered in the name of Cede & Co., as nominee for DTC, on the bond register maintained under the Mortgage. The beneficial owner of a Security (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Security, the "Participants") to act as agent or agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such beneficial owner in such Security in the account of such Participants. The ownership interest of such beneficial owner in such Security will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers

Transfers of a Security will be accomplished by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferees and transferors of such Security.

Consolidations

After the first Interest Payment Date on individual issues of the Securities, Bankers Trust Company will deliver to DTC's Reorganization Department, Interactive Data Corporation and the CUSIP Service Bureau [at least 30 days before the day on which the consolidation is to be effective, as determined by Bankers Trust Company (the "Exchange Date"),] a written notice of consolidation specifying (i) the CUSIP numbers of two or more outstanding Global Securities that represent Securities having different original Issue Dates but otherwise the same Fixed Rate Terms or Variable Rate Terms, as the case may be, and for which interest has been paid to the same date, (ii) a date, occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date for such Securities, on which such Global Securities shall be exchanged for a single replacement Global Security, (iii) a new CUSIP number to be assigned to such replacement Global Security and (iv) that the CUSIP numbers of the Global Securities to be exchanged will no longer be valid. Upon receipt of such a notice, DTC will send to its Participants (including Bankers Trust Company) a written reorganization notice to the effect that such exchange will occur on such date. On the specified Exchange Date, Bankers Trust Company will exchange such Global Securities for a single Global Security bearing the new CUSIP number, the original Issue Dates, together with the respective principal amounts to which they relate, for all exchanged Global Securities and the CUSIP numbers of the exchanged Global Securities will, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. Notwithstanding the foregoing, if the Global Securities to be exchanged exceed $400,000,000 in aggregate principal amount, one Global Security will be authenticated and issued to represent each $400,000,000 of principal amount of the exchanged Global Security and an additional Global Security will be authenticated and issued to represent any remaining principal amount of such Global Securities (see "Denominations" above).

Interest

Interest on each Security will accrue from and including the original Issue Date of, or the last date to which interest has been paid on, the Global Security representing such Security. Each payment of interest on a Security will include interest accrued through the day preceding, as the case may be, the Interest Payment Date (provided, however, that in the case of Variable Rate Securities which reset daily or weekly, interest payments will include interest accrued to but excluding the Record Date (as defined below) immediately preceding the Interest Payment Date), date of redemption or Maturity Date. Interest payable on the Maturity Date or date of redemption of a Security will be payable to the person to whom the principal of such Security is payable. DTC will arrange for each pending deposit message described under Settlement Procedure "C" below to be transmitted to Standard & Poor's Corporation, which will use the information in the message to include certain terms of the related Global Security in the appropriate bond report published by Standard & Poor's Corporation.

The Record Date with respect to any Interest Payment Date for a Fixed Rate Security shall be the fifteenth business day preceding such Interest Payment Date. The Record Date with respect to any Interest Payment Date for a Variable Rate Security shall be the date 15 calendar days (whether or not a business day) preceding such Interest Payment Date.

Interest payments will be made on each Interest Payment Date commencing with the first Interest Payment Date following the original Issue Date; provided, however, that the first payment of interest on any Global Security originally issued between a Record Date and an Interest Payment Date will occur on the Interest Payment Date following the next Record Date.

If an Interest Payment Date with respect to any Variable Rate Security would otherwise fall on a day that is not a business day with respect to such Security, such Interest Payment Date will be the following day that is a business

day with respect to such Security (and no interest shall accrue on such payment for the period from and after such Interest Payment Date), except that in the case of a LIBOR Security, if such day falls in the next calendar month, such Interest Payment Date will be the preceding day that is a business day in London.

Calculation of Interest

In the case of Fixed Rate Securities, interest (including payments for partial periods) will be calculated on the basis of a 360-day year of twelve 30-day months. Interest does not accrue on the 31st day of any month. Interest rates on Variable Rate Securities will be determined as set forth in the related Global Security. Interest will be calculated in the case of (a) Commercial Paper Rate, Prime Rate, LIBOR, Federal Funds Rate, Cost of Funds Rate, and CD Rate Securities on the basis of the actual number of days in the interest period divided by 360; and (b) Treasury Rate Securities, on the basis of the actual number of days in the interest period divided by the actual number of days in the year.

Interest Payments

Interest on Fixed Rate Securities will be payable semiannually on [January 1 and July 1] and at maturity. Interest will be payable, in the case of the Variable Rate Securities which reset (a) daily, weekly or monthly (other than Cost of Funds Rate Securities), on [the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year], as specified pursuant to Settlement Procedure "A" below, or, in the case of the Cost of Funds Rate Securities, all of which reset monthly, on [the first business day of each month or the first business day of each March, June, September and December], as specified pursuant to Settlement Procedure "A" below; (b) quarterly, on [the third Wednesday of March, June, September and December] of each year; (c) semiannually, on [the third Wednesday] of each of the two months of each year specified pursuant to Settlement Procedure "A" below; and (d) annually, on [the third Wednesday] of the month specified pursuant to Settlement Procedure "A" below and, in each case, at maturity.

With regard to Variable Rate Securities on which the interest rate is reset daily or weekly, Bankers Trust Company shall deliver to DTC's Dividend Department, Standard & Poor's Corporation and Interactive Data Corporation on each day on which the amount of interest to be paid on the following Interest Payment Date (including the issue's first Interest Payment Date) is determined a listing of the CUSIP number assigned to each such issue along with corresponding specifications of the Record Date, Interest Payment Date, and dollar amount of interest per $1,000 principal amount of the Securities to be paid on such Interest Payment Date. For Variable Rate Securities on which the interest rate is reset monthly, quarterly, semiannually, or annually, Bankers Trust Company shall deliver a similar listing to Standard & Poor's Corporation and Interactive Data Corporation on the day interest payment amounts are determined.

Promptly after each Record Date for each issue of Fixed Rate Securities, Bankers Trust Company will furnish FPL and DTC's Dividend Department a written notice specifying by CUSIP number the amount of interest to be paid on each Global Security on the following Interest Payment Date (other than an Interest Payment Date coinciding with the Maturity Date) and the total of such amounts. DTC will confirm the amount payable on each Global Security on such Interest Payment Date by reference to the appropriate bond reports published by Standard & Poor's Corporation. FPL will pay to Bankers Trust Company the total amount of interest due on such Interest Payment Date (other than on the Maturity Date), and Bankers Trust Company will pay such amount to DTC at the times and in the manner set forth under "Manner of Payment" below. The Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Security, will assume responsibility for withholding taxes on interest paid as required by law.

Bankers Trust Company will take all action necessary so that the Interest Payment Dates and the Record Dates with respect thereto, for each Global Security, together with the amount of interest payable on each of such Interest Payment Dates, shall be listed in the appropriate daily bond report published by Standard & Poor's Corporation.

Maturity

On or about the first business day of each month, Bankers Trust Company will deliver to FPL and DTC a written list of principal, interest and premium, if any, to be paid on each Global Security maturing either on the Maturity Date or the date of redemption in the following month. FPL and DTC will confirm with Bankers Trust Company the amounts of such principal, interest and premium, if any, payments with respect to each such Global Security on or about the fifth business day preceding the Maturity Date or the date of redemption, as the case may be, of such Global Security. FPL will pay to Bankers Trust Company the principal amount of such Global Security, together with interest and premium, if any, due on such Maturity Date or date of redemption. Bankers Trust Company will pay such amounts to DTC at the times and in the manner set forth below under "Manner of Payment". Promptly after payment to DTC of the principal, interest and premium, if any, due at the Maturity Date or the date of redemption of such Global Security, Bankers Trust Company will cancel such Global Security in accordance with the terms of the Mortgage. On the first business day of each month, Bankers Trust Company will deliver to FPL a written statement indicating the total principal amount of outstanding Global Securities as of the immediately preceding business day.

Manner of Payment

The total amount of any principal, interest and premium, if any, due on Global Securities on any Interest Payment Date or on the Maturity Date or the date of redemption shall be paid by FPL to Bankers Trust Company in immediately available funds for use by Bankers Trust Company on such date. FPL will make such payment on such Global Securities by wire transfer to Bankers Trust Company or by Bankers Trust Company's debiting the account of FPL maintained with Bankers Trust Company. FPL will confirm such instructions in writing to Bankers Trust Company. Prior to 10:00 a.m. (New York City time) on each Maturity Date or date of redemption or as soon as possible thereafter, Bankers Trust Company will pay by separate wire transfer (using Fedwire message entry instructions in a form previously agreed to with DTC) to an account at the Federal Reserve Bank of New York previously agreed to with DTC, in funds available for immediate use by DTC, each payment of principal (together with interest thereon) and premium, if any, due on Global Securities on any Maturity Date or date of redemption. On each Interest Payment Date, interest payments shall be made to DTC in same day funds in accordance with existing arrangements between Bankers Trust Company and DTC. Thereafter, on each such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names the Securities represented by such Global Securities are recorded in the book-entry system maintained by DTC. Neither FPL nor Bankers Trust Company shall have any direct responsibility or liability for the payment by DTC to such Participants of the principal of, interest on and premium, if any, on the Securities.

Procedure for Posting

FPL and the Agents will discuss from time to time the rates of interest per annum to be borne by, the maturity, and other terms of, Securities that may be sold as a result of the solicitation of offers to purchase by the Agents.

Acceptance and Rejection of Offers; Authorized Persons

Oral instructions regarding sales of Securities will be given for FPL by _____, or such other persons as may be designated from time to time. Oral instructions to _____ will be accepted by _____, or such other persons as may be designated from time to time. Oral instructions to _____ will be accepted by _____, or such other persons as may be designated from time to time. Oral instructions to _____ will be accepted by _____, or such other persons as may be designated from time to time. Oral instructions to _____ will be accepted by _____, or such other persons as may be designated from time to time.

FPL shall have the sole right to accept offers to purchase Securities from FPL and may reject any such offer in whole or in part. Each Agent shall promptly communicate to FPL, orally or in writing, each reasonable offer to

purchase Securities from FPL received by it other than those rejected by such Agent. Each Agent shall have the right, in its discretion reasonably exercised without advising FPL, to reject any offers in whole or in part.

Settlement

The receipt of immediately available funds by FPL in payment for a Security (less the applicable commission) and the authentication and issuance of the Global Security representing such Security shall, with respect to such Security, constitute "Settlement". All offers accepted by FPL will be settled three business days from the date of acceptance by FPL pursuant to the timetable for Settlement set forth below unless FPL and the purchaser agree to Settlement on another day that shall be no earlier than the next business day.

Settlement Procedures

In the event of a purchase of Securities by an Agent, as principal, appropriate settlement details will be set forth in a Terms Agreement to be entered into between such Agent and FPL.

Settlement procedures with regard to each Security sold through each Agent shall be as follows:

A. Such Agent will advise FPL by telephone (confirmed in writing, which may include telex or facsimile) or by telex or facsimile, of the following sale information:

1. Exact name of the purchaser.
2. Principal amount of the Security.
3. Issue price of the Security.
4. Issue date of the Security.
5. Settlement date.
6. Maturity date.
7. Interest rate.
   - (a) Fixed Rate Securities:
     - i) interest rate
   - (b) Variable Rate Securities:
     - i) base rate
     - ii) initial interest rate
     - iii) spread or alternate rate event spread, if any
     - iv) interest reset dates
     - v) interest reset period
     - vi) interest payment dates
     - vii) interest payment period

viii) interest determination dates

ix) index maturity

x) maximum and minimum interest rates, if any

xi) calculation date

8. Redemption dates, if any, including any initial redemption date, par date and limitation date.

9. Redemption premium, if any, including any initial percentage and reduction percentage.

10. Agent's commission (to be paid in the form of a discount from the proceeds remitted to FPL upon Settlement) and its certification that the purchasers of the Security have been solicited solely by such Agent.

11. Net proceeds to FPL.

B. Bankers Trust Company will assign a CUSIP number to the Global Security representing such Security and FPL will advise Bankers Trust Company by telephone or by telex or facsimile of the information set forth in Settlement Procedure "A" above to be confirmed in a written request for the authentication and delivery of such Global Security, such CUSIP number and the name of such Agent. Bankers Trust Company will also notify the Agent of such CUSIP number by telephone as soon as practicable. Each such communication by FPL shall constitute a representation and warranty by FPL to Bankers Trust Company and each Agent that (i) such Security is then, and at the time of issuance and sale thereof will be, duly authorized for issuance and sale by FPL, (ii) the Global Security representing such Security will conform with the terms of the Mortgage pursuant to which such Security and Global Security are issued and (iii) upon authentication and delivery of such Global Security, the aggregate principal amount of all Securities initially offered and issued under the Mortgage will not exceed $_____ (except for Global Securities or Securities represented by and authenticated and delivered in exchange for or in lieu of Securities in accordance with the Mortgage).

C. Bankers Trust Company will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC, and such information will be routed to Standard & Poor's Corporation through DTC:

1. The information set forth in Settlement Procedure "A".

2. Identification as a Fixed Rate Security or a Variable Rate Security.

3. Initial Interest Payment Date for such Security, number of days by which such date succeeds the related Record Date (or, in the case of Variable Rate Securities which reset daily or weekly, the date five calendar days preceding the Interest Payment Date) and amount of interest payable on such Interest Payment Date.

4. CUSIP number of the Global Security representing such Security.

5. Whether such Global Security will represent any other Security (to the extent known at such time).

6. Interest payment period.

D. Bankers Trust Company will complete and authenticate the Global Security representing such Security.

E. FPL will cause the appropriate amount of intangible tax and document excise tax to be paid in accordance with applicable Florida law and Georgia law.

F. Steel Hector & Davis LLP will (by telecopy followed by an original copy) provide Bankers Trust Company with an opinion regarding authentication.

G. DTC will credit such Security to Bankers Trust Company's participant account at DTC.

H. Bankers Trust Company will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC to (i) debit such Security to Bankers Trust Company's participant account and credit such Security to such Agent's participant account and (ii) debit such Agent's settlement account and credit Bankers Trust Company's settlement account for an amount equal to the price of such Security less such Agent's commission. The entry of such a deliver order shall constitute a representation and warranty by Bankers Trust Company to DTC that (a) the Global Security representing such Security has been issued and authenticated and (b) Bankers Trust Company is holding such Global Security pursuant to the Secured Medium-Term Note Certificate Agreement between Bankers Trust Company and DTC.

I. Such Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Security to such Agent's participant account and credit such Security to the participant accounts of the Participants with respect to such Security and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Agent for an amount equal to the price of such Security.

J. Bankers Trust Company will transfer to the account of FPL maintained at Bankers Trust Company of New York, New York, in immediately available funds in the amount transferred to Bankers Trust Company in accordance with Settlement Procedure "H" upon receipt of such funds.

K. Such Agent will confirm the purchase of such Security to the purchaser either by transmitting to the Participants with respect to such Security a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser. Such Agent will deliver to the purchaser a copy of the most recent Prospectus applicable to the Security with or prior to any written offer of Securities and the confirmation and payment by the purchaser for the Security.

L. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "H" and "I" will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.

M. Bankers Trust Company will send a copy of the Global Security by first-class mail to FPL together with a statement setting forth the principal amount of Securities outstanding as of the related Settlement Date after giving effect to such transaction and all other offers to purchase Securities of which FPL has advised Bankers Trust Company but which have not yet been settled.

Settlement Procedures Timetable

For offers accepted by FPL, Settlement procedures "A" through "L" set forth above shall be completed to the extent possible at or before the respective times set forth below:

Settlement Procedure	Time (New York)
A (1-11)	11 a.m. on the sale date
B	12 Noon on the sale date
C	2 p.m. on the sale date
D-F	9 a.m. on the Settlement Date
G	10 a.m. on the Settlement Date
H-I	2 p.m. on the Settlement Date
J-K	4:45 p.m. on the Settlement Date
L	3:30 p.m. on the Settlement Date

If a sale is to be settled more than one business day after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but no later than 11 a.m., 12 Noon and 2:00 p.m., as the case may be, on

the first business day after the sale date. In connection with a sale which is to be settled more than one business day after the sale date, if the initial interest rate for a Variable Rate Note is not known at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rates have been determined, but no later than 12 Noon and 2:00 p.m., as the case may be, on the second business day before the Settlement Date. Settlement Procedures "L" and "J" are subject to extension in accordance with any extension of Fedwire closing deadlines and in other events specified in the SDFS operating procedures in effect on the Settlement Date.

If Settlement of a Security is rescheduled or canceled, FPL will instruct Bankers Trust Company to deliver to DTC a cancellation message to such effect by no later than 12 Noon on the business day immediately preceding the scheduled Settlement Date and Bankers Trust Company will enter such order by 2:00 p.m. through DTC's Participation Terminal System.

Pricing Supplement

If FPL accepts an offer to purchase a Security, FPL will prepare a Pricing Supplement reflecting the terms of such Security and will arrange to have ten copies of the Pricing Supplement filed with the Commission not later than the close of business on the second Business Day following such acceptance of an offer to purchase such Security and will supply at least ten copies of the Pricing Supplement to the Agent. The Agent will cause the Prospectus and Pricing Supplement to be delivered to the purchaser of the Security in accordance with the procedures set forth in "Delivery of Prospectus" below.

Failure to Settle

If Bankers Trust Company or the Agent fails to enter an SDFS deliver order with respect to a Security pursuant to Settlement Procedure "H" or "I", Bankers Trust Company may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, a withdrawal message instructing DTC to debit such Security to Bankers Trust Company's participant account, provided that Bankers Trust Company's participant account contains a principal amount of the Global Security representing such Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Securities represented by a Global Security, Bankers Trust Company will mark such Global Security "canceled", make appropriate entries in Bankers Trust Company's records and send such canceled Global Security to FPL. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Securities represented by a Global Security, Bankers Trust Company will exchange such Global Security for another Global Security, which shall represent the Securities previously represented by the surrendered Global Security with respect to which a withdrawal message has not been processed and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Security is not timely paid to the Participants with respect to such Security by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the Agent for such Security may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "I" and "H", respectively. The Agent will notify _____ of FPL by telephone, confirmed in writing, of such failure. Thereafter, Bankers Trust Company will deliver the withdrawal message and take the related actions described in the preceding paragraph.

Notwithstanding the foregoing, upon any failure to settle with respect to a Security, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Securities to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement Procedure "D", for the authentication and issuance of a Global Security representing the other Securities to have been represented by such Global Security and will make appropriate entries in its records.

Procedure for Rate Changes

When a decision has been reached to change interest rates on or other variable terms with respect to any Securities being sold by FPL, FPL will promptly advise the Agents and the Agents will forthwith suspend solicitation of offers to purchase such Securities. The Agents will telephone FPL with recommendations as to the changed interest rates or other variable terms. At such time as FPL has advised each of the Agents of the new interest rates on or other variable terms with respect to the Securities, the Agents may resume solicitation of offers to purchase such Securities. Until such time only "indications of interest" may be recorded.

Suspension of Solicitation; Amendment or Supplement

If, during any period in which, in the opinion of Counsel for the Agents, a prospectus relating to the Securities is required to be delivered under the Securities Act, any event occurs as a result of which the Prospectus would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Securities Act, FPL will notify the Agents promptly to suspend solicitation of purchases of the Securities and each Agent shall suspend its solicitations of purchases of Securities; and if FPL shall decide to amend or supplement the Registration Statement or the Prospectus, it will promptly advise the Agents by telephone (with confirmation in writing) and will promptly prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Upon the Agents' receipt of such amendment or supplement and advice from FPL that solicitations may be resumed, the Agents will resume solicitations of purchases of the Securities.

In addition, FPL may instruct the Agents to suspend solicitation of offers to purchase at any time. Upon receipt of such instructions the Agents will forthwith suspend solicitation of offers to purchase from FPL until such time as FPL has advised them that solicitation of offers to purchase may be resumed. If FPL decides to amend or supplement the Registration Statement or the Prospectus relating to the Securities (other than to change interest rates, maturity dates and/or redemption terms), it will promptly advise the Agents and Bankers Trust Company and will furnish the Agents and Bankers Trust Company copies of the proposed amendment or supplement.

In the event that at the time the Agents, at the direction of FPL, suspend solicitation of offers to purchase from FPL there shall be any orders outstanding which have been accepted but which have not been settled, FPL will promptly advise the Agents and Bankers Trust Company whether such orders may be settled and whether copies of the Prospectus as theretofore amended and/or supplemented as in effect at the time of the suspension may be delivered in connection with the settlement of such orders. FPL will have the sole responsibility for such decision and for any arrangement which may be made in the event that FPL determines that such orders may not be settled or that copies of such Prospectus may not be so delivered.

Delivery of Prospectus

Each Agent will provide a copy of the relevant Prospectus, appropriately amended or supplemented, which must accompany or precede each written offer of a Security by such Agent, each written confirmation of a sale sent to a purchaser or his agent by such Agent and payment for each Security by a purchaser.

Authenticity of Signatures

FPL will cause Bankers Trust Company to furnish the Agents from time to time with the specimen signatures of each of Bankers Trust Company's officers, employees and agents who have been authorized by Bankers Trust Company to authenticate Securities, but the Agents will have no obligation or liability to FPL or Bankers Trust Company in respect of the authenticity of the signature of any officer, employee or agent of FPL or Bankers Trust Company on any Security.

Advertising Costs

FPL will determine with the Agents the amount and nature of advertising that may be appropriate in offering the Securities. Advertising expenses in connection with solicitation of offers to purchase Securities from FPL will be paid by FPL.

EXHIBIT B

FPL agrees to pay each Agent a commission in the range of the following percentages of the aggregate principal amount of Securities sold to purchasers solicited by such Agent or, in the event the Securities are being sold at a discount, the issue price thereof. The actual commission to be paid by FPL to each Agent will be set forth in separate agreements between FPL and each of the Agents.

Term	Commission Rate Range (as a percentage of aggregate principal amount of Securities sold or the issue price, as the case may be)
9 months to less than 12 months	
12 months to less than 18 months	
18 months to less than 24 months	
2 years to less than 3 years	
3 years to less than 4 years	
4 years to less than 5 years	
5 years to less than 6 years	
6 years to less than 7 years	
7 years to less than 8 years	
8 years to less than 9 years	
9 years to less than 10 years	
10 years to less than 15 years	
15 years to less than 20 years	
20 years to 30 years	

EXHIBIT C

TERMS AGREEMENT

_____, 20__

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Attention: Treasurer

The undersigned agrees to purchase $_____ principal amount of the Securities of Florida Power & Light Company pursuant to the terms and conditions set forth in the Distribution Agreement dated _____, ___(the "Distribution Agreement") and in the Schedule attached hereto.

[Indicate whether the legal opinions and/or the accountant's letter and/or the officer's certificate described in Sections 8(c), 8(d) and 8(e), respectively, will or will not be required.]

[Additional terms]

This agreement shall be governed by and construed in accordance with the laws of New York.

By _____

Accepted: , 20
Florida Power & Light Company

By _____

SCHEDULE 1 TO EXHIBIT C

Registration Statement:

No. 333-_____

Mortgage:

Mortgage and Deed of Trust dated as of January 1, 1944, between FPL and Bankers Trust Company, as Trustee, and The Florida National Bank of Jacksonville (now resigned) as supplemented.

Aggregate Principal Amount:

Price to Public:

Purchase Price by _____:

__% of the principal amount of the purchased Securities, plus accrued interest from _____ to _____.

Purchase Date and Time:

Settlement Date:

Method of and Specified Funds for
Payment of Purchase Price:

Closing Location:

Redemption Provisions:

Maturity:

If fixed rate securities

Interest Rate: (%)

Interest Payment Date(s):

If variable rate securities

Base Rate:

Initial Interest Rate:

Interest Determination Dates:

Interest Reset Dates

Interest Reset Period:

Interest Payment Dates:

Index Maturity:

Interest Payment Period:

Maximum Interest Rate:

Minimum Interest Rate:

Calculation Date:

Spread or Alternate Rate Event Spread:

Spread Multiplier:

Syndicate Provisions:

(Set forth any provisions relating to underwriters' default and step-up of amounts to be purchased by underwriters acting with _____ or _____, as the case may be).

Additional terms:

This instrument was prepared by:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Exhibit 4(j)

FLORIDA POWER & LIGHT COMPANY

to

BANKERS TRUST COMPANY

As Trustee under Florida Power & Light Company's Mortgage and Deed of Trust, Dated as of January 1, 1944.

_____Supplemental Indenture

Relating to a Principal Amount Not To Exceed $____ of First Mortgage Bonds, designated Secured Medium-Term Notes, Series ____.

****[Relating to $_____ Principal Amount of First Mortgage Bonds, ____% Series due _____, ____.]***

Dated as of _____, ____

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* *These three lines will be inserted, in lieu of the four lines immediately preceding them, in any supplemental indenture relating to the issuance of First Mortgage Bonds other than those designated Secured Medium-Term Notes*

FLORIDA POWER & LIGHT COMPANY

Reconciliation and Tie of Provisions of Trust Indenture Act of 1939 to provisions of Mortgage and Deed of Trust to Bankers Trust Company and The Florida National Bank of Jacksonville (now resigned), as Trustees, dated as of January 1, 1944, as amended.

Sections of Act:	Sections of Mortgage and Supplemental Indentures
310(a) (1) (2) (3)	Mortgage, 35(a), 88 and 103
310(a) (4)	Not Applicable
310(b)	Mortgage, 99; First Supplemental, 14; Seventh Supplemental, 6
310(c).....	Not Applicable
311(a).....	Mortgage, 98
311(b)	Mortgage, 98
311(c).....	Not Applicable
312(a).....	Mortgage, 43(a) and 43(b)
312(b)	Mortgage, 43(c)
312(c).....	Mortgage, 43(d)
313(a).....	Mortgage, 100(a)
313(b)	Mortgage, 100(b); First Supplemental, 15
313(c).....	Mortgage, 100(c)
313(d)	Mortgage, 100(d)
314(a).....	Mortgage, 44
314(b)	Mortgage, 42
314(c).....	Mortgage, 121, 3, 61 and 7
314(d)	Mortgage, 59(3), 60, 3 and 28(4)
314(e).....	Mortgage, 121, 3 and 61
314(f)	Omitted
315(a).....	Mortgage, 89 and 88; First Supplemental, 13
315(b)	Mortgage, 66 and 3; First Supplemental, 11
315(c).....	Mortgage, 88
315(d)	Mortgage, 89; First Supplemental, 13
315(e).....	Mortgage, 122
316(a) (1).....	Mortgage, 71; First Supplemental, 12
316(a) (2).....	Omitted
316(b)	Mortgage, 80
317(a).....	Mortgage, 78
317(b)	Mortgage, 35(c) and 95; First Supplemental, 7
318(a).....	Mortgage, 124

_____ SUPPLEMENTAL INDENTURE

INDENTURE, dated as of the _____ day of _____, ___, made and entered into by and between FLORIDA POWER & LIGHT COMPANY, a corporation of the State of Florida, whose post office address is 700 Universe Boulevard, Juno Beach, Florida 33408 (hereinafter sometimes called FPL), and BANKERS TRUST COMPANY, a corporation of the State of New York, whose post office address is Four Albany Street, New York, New York 10006 (hereinafter called the Trustee), as the _____ supplemental indenture (hereinafter called the _____ Supplemental Indenture) to the Mortgage and Deed of Trust, dated as of January 1, 1944 (hereinafter called the Mortgage), made and entered into by FPL, the Trustee and The Florida National Bank of Jacksonville, as Co-Trustee (now resigned), the Trustee now acting as the sole trustee under the Mortgage, which Mortgage was executed and delivered by FPL to secure the payment of bonds issued or to be issued under and in accordance with the provisions thereof, reference to which Mortgage is hereby made, this _____ Supplemental Indenture being supplemental thereto;

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the first series) issued thereunder shall be established by Resolution of the Board of Directors of FPL and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon FPL by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and FPL may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or FPL may cure any ambiguity contained therein, or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said first series, by an instrument in writing executed and acknowledged by FPL in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the Lien of the Mortgage shall be situated; and

WHEREAS, FPL now desires to create the series of bonds described in Article I hereof and to add to its covenants and agreements contained in the Mortgage certain other covenants and agreements to be observed by it and to alter

and amend in certain respects the covenants and provisions contained in the Mortgage; and

WHEREAS, the execution and delivery by FPL of this _____ Supplemental Indenture, and the terms of the bonds, hereinafter referred to in Article I, have been duly authorized by the Board of Directors of FPL by appropriate resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That FPL, in consideration of the premises and of One Dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustee and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto Bankers Trust Company, as Trustee under the Mortgage, and to its successor or successors in said trust, and to said Trustee and its successors and assigns forever, all property, real, personal and mixed, acquired by FPL after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned (except any properties heretofore released pursuant to any provisions of the Mortgage and in the process of being sold or disposed of by FPL) or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by FPL and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing) all lands, power sites, flowage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric, gas and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels, and choses in action; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose

including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of FPL in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which FPL now has or may hereinafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by FPL that, subject to the provisions of Section 87 of the Mortgage, all the property, rights, and franchises acquired by FPL after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted) shall be and are as fully granted and conveyed hereby and as fully embraced within the Lien of the Mortgage, as if such property, rights and franchises were now owned by FPL and were specifically described herein and conveyed hereby.

PROVIDED that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the Lien and operation of this _____ Supplemental Indenture and from the Lien and operation of the Mortgage, as heretofore supplemented, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel (including Nuclear Fuel unless expressly subjected to the Lien and operation of the Mortgage by FPL in a future Supplemental Indenture), oil and similar materials and supplies consumable in the operation of any properties of FPL; rolling stock, buses, motor coaches, automobiles and other vehicles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; (4) the last day of the term of any lease or leasehold which may hereafter become subject to the Lien of the Mortgage; (5) electric energy, gas, ice, and other materials or products generated, manufactured, produced or purchased by FPL for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties; (6) FPL's franchise to be a corporation; and (7) the properties already sold or in the process of being sold by FPL and heretofore

released from the Mortgage and Deed of Trust, dated as of January 1, 1926, from Florida Power & Light Company to Bankers Trust Company and The Florida National Bank of Jacksonville, trustees, and specifically described in three separate releases executed by Bankers Trust Company and The Florida National Bank of Jacksonville, dated July 28, 1943, October 6, 1943 and December 11, 1943, which releases have heretofore been delivered by the said trustees to FPL and recorded by FPL among the Public Records of all Counties in which such properties are located; provided, however, that the property and rights expressly excepted from the Lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by FPL as aforesaid, or intended so to be, unto Bankers Trust Company, the Trustee, and its successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this _____ Supplemental Indenture being supplemental thereto.

AND IT IS HEREBY COVENANTED by FPL that all terms, conditions, provisos, covenants and provisions contained in the Mortgage shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of FPL and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors as Trustee of said property in the same manner and with the same effect as if said property had been owned by FPL at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustee, by the Mortgage as a part of the property therein stated to be conveyed.

FPL further covenants and agrees to and with the Trustee and its successors in said trust under the Mortgage, as follows:

ARTICLE I

_____ Series of Bonds

**SECTION 1. (I) There shall be a series of bonds designated "Secured Medium-Term Notes, Series ___", herein sometimes referred to as the _____ Series", each of which shall also bear the descriptive title First Mortgage Bond, and the form thereof, which shall be established by Resolution of the Board of Directors of FPL, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the _____ Series shall be issued from time to time in an aggregate principal amount not to exceed $_____ at any one time Outstanding except as provided in Section 16 of the Mortgage. [The amount which may be Outstanding from time to time will be stated in one or more notices of receipt of advance under mortgage providing for future advances (a form of which is annexed hereto) executed by the Company and recorded in Palm Beach County, Florida, and in one or more acknowledgements of future advance (a form of which is annexed hereto) executed by FPL and the Trustee and recorded in Monroe County, Georgia.] Bonds of the _____ Series shall be issued as fully registered bonds in the denominations of [One] Thousand Dollars and, at the option of FPL, in any larger amount that is an integral multiple of [One] Thousand Dollars or any other denominations (the exercise of such option to be evidenced by the execution and delivery thereof); each bond of the _____ Series shall mature on [such date not less than _____ months nor more than _____ years from date of issue,] shall bear interest at [such rate or rates (which may be either fixed or variable) and have such other terms and provisions not inconsistent with the Mortgage as the Board of Directors may determine in accordance with a Resolution filed with the Trustee referring to this _____ Supplemental Indenture]; interest on bonds of the _____ Series [which bear interest at a fixed rate] shall be payable [semi-annually on _____ and _____ of each year] and at maturity (each an interest payment date); interest on bonds of the _____ Series [which bear interest at a variable rate] shall be payable [on the dates established on the Issue Date [or the Original Interest Accrual Date] with respect to such bonds and shall be set forth in such bonds.] [Notwithstanding the foregoing, so long as there is no existing default in the payment of interest on the bonds of the _____ Series, all bonds of the _____ Series authenticated by the Trustee after the Record Date hereinafter specified for any interest payment date, and prior to such interest payment date (unless the Issue Date [or the Original Interest Accrual Date] is after such Record Date), shall be dated the date of authentication, but shall bear interest from such interest payment date, and the person in whose name any bond of the _____ Series is registered at the close of business on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date,

---

** The provisions in this Section 1 will be inserted in supplemental indentures relating to the issuance of First Mortgage Bonds designated Secured Medium Term Notes, provided that the bracketed language may change.

notwithstanding the cancellation of such bond of the _____ Series, upon any transfer or exchange thereof subsequent to the Record Date and on or prior to such interest payment date. If the Issue Date [or the Original Interest Accrual Date] of the bonds of the _____ Series of a designated interest rate and maturity is after the Record Date, such bonds shall bear interest from the Issue Date [or the Original Interest Accrual Date] but payment of interest shall commence on the second interest payment date succeeding the Issue Date [or the Original Interest Accrual Date]. "Record Date" for bonds of the _____ Series which bear interest at a fixed rate shall mean _____ for interest payable _____ and _____ for interest payable _____, and for bonds of the _____ Series which bear interest at a variable rate, the date 15 calendar days prior to any interest payment date, provided that, interest payable on the maturity date will be payable to the person to whom the principal thereof shall be payable. "Issue Date" [or "Original Interest Accrual Date"] with respect to bonds of the _____ Series of a designated interest rate and maturity [unless a Resolution filed with the Trustee on or before such date shall specify another date from which interest shall accrue, then such other date for bonds of such designated interest rate and maturity.] shall mean the date of first authentication of bonds of such designated interest rate and maturity.] The principal of and interest on each said bond is payable at the office or agency of FPL in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the _____ Series shall be dated as in Section 10 of the Mortgage provided.

***[(II) Bonds of the _____ Series may be redeemable either at the option of FPL or pursuant to the requirements of the Mortgage (including, among other requirements, the application of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39 or Section 64 of the Mortgage or with proceeds of Released Property) in whole at any time, or in part from time to time, prior to maturity, upon notice, as provided in Section 52 of the Mortgage, mailed at least thirty (30) days prior to the date fixed for redemption, as the Board of Directors may determine in accordance with a Resolution filed with the Trustee referring to this _____ Supplemental Indenture.]

[(III) At the option of the registered owner, any bonds of the _____ Series, upon surrender thereof for exchange at the office or agency of FPL in the Borough of Manhattan, The City of New York, together with a written instrument of transfer wherever required by FPL, duly executed by the registered owner or by his duly authorized attorney, shall (subject to the provisions of Section 12 of the Mortgage) be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations which have the same issue date, maturity date, and redemption provisions, if any, and which bear interest at the same rate.]

*** These or other redemption provisions or other terms and conditions relating to the series of First Mortgage Bonds may be inserted here.

Bonds of the _____ Series shall be transferrable (subject to the provisions of Section 12 of the Mortgage) at the office or agency of FPL in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the _____ Series, FPL may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but FPL hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of the _____ Series.

*****SECTION 1. (I) There shall be a series of bonds designated "__% Series due _____, ___", herein sometimes referred to as the "_____ Series", each of which shall also bear the descriptive title First Mortgage Bond, and the form thereof, which shall be established by Resolution of the Board of Directors of FPL, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the _____ Series shall mature on _____, ___ and shall be issued as fully registered bonds in denominations of [One] Thousand Dollars and, at the option of FPL, in any multiple or multiples of [One] Thousand Dollars or any other denominations (the exercise of such option to be evidenced by the execution and delivery thereof); they shall bear interest from _____, __ [at the rate of ____% per annum, payable semi-annually on _____ and _____ of each year;] the principal of and interest on each said bond to be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the _____ Series shall be dated as in Section 10 of the Mortgage provided.*

[(II) Bonds of the _____ Series shall be redeemable either at the option of FPL or pursuant to the requirements of the Mortgage (including, among other requirements, the application of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39 or Section 64 of the Mortgage or with proceeds of Released Property) in whole at any time, or in part from time to time, prior to maturity, upon notice, as provided in Section 52 of the Mortgage, mailed at least thirty (30) days prior to the date fixed for redemption, at the following general redemption prices, expressed in percentages of the principal amount of the bonds to be redeemed:

General Redemption Prices

If redeemed during the 12 month period ending _____,

**** *These provisions will be inserted in any supplemental indentures relating to the issuance of First Mortgage Bonds other than those designated Secured Medium-Term Notes, provided that the bracketed language may change.*

in each case, together with accrued interest to the date fixed for redemption.][*****]

(III) At the option of the registered owner, any bonds of the _____ Series, upon surrender thereof for exchange at the office or agency of FPL in the Borough of Manhattan, The City of New York, together with a written instrument of transfer wherever required by FPL, duly executed by the registered owner or by his duly authorized attorney, shall (subject to the provisions of Section 12 of the Mortgage) be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the _____ Series shall be transferable (subject to the provisions of Section 12 of the Mortgage) at the office or agency of FPL in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the _____ Series, FPL may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but FPL hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of the _____ Series.]

ARTICLE II

Dividend Covenant

SECTION 2. Section 3 of the Third Supplemental Indenture, as heretofore amended, is hereby further amended by inserting the words "or _____ Series" immediately before the words "remain Outstanding".

[*****] *These or other redemption provisions or other terms and conditions relating to the series of First Mortgage Bonds may be inserted here.*

ARTICLE III

Miscellaneous Provisions

SECTION 3. Subject to the amendments provided for in this _____ Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this _____ Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

******SECTION 4. The holders of bonds of the _____ Series consent that FPL may, but shall not be obligated to, fix a record date for the purpose of determining the holders of bonds of the _____ Series entitled to consent to any amendment, supplement or waiver. If a record date is fixed, those persons who were holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

SECTION 5. The Trustee hereby accepts the trust herein declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this _____ Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by FPL solely. In general, each and every term and condition contained in Article XVII of the Mortgage, as heretofore amended, shall apply to and form part of this _____ Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this _____ Supplemental Indenture.

SECTION 6. Whenever in this _____ Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, as heretofore amended, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this _____ Supplemental Indenture contained by or on behalf of FPL, or by or on behalf of the Trustee, or either of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

****** This provision may be deleted in any supplemental indenture relating to the issuance of First Mortgage Bonds other than those which are issued to The Depository Trust Company, or its successor. The remaining sections will be renumbered accordingly.

SECTION 7. Nothing in this _____ Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this _____ Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this _____ Supplemental Indenture contained by or on behalf of FPL shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and coupons Outstanding under the Mortgage.

SECTION 8. The Mortgage, as heretofore supplemented and amended and as supplemented hereby, is intended by the parties hereto, as to properties now or hereafter encumbered thereby and located within the State of Georgia, to operate and is to be construed as granting a lien only on such properties and not as a deed passing title thereto.

SECTION 9. This _____ Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, FPL has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and BANKERS TRUST COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or Assistant Vice Presidents, and its corporate seal to be attested by one of its Assistant Vice Presidents, one of its Assistant Secretaries or one of its Associates, all as of the day and year first above written.

FLORIDA POWER & LIGHT COMPANY

By:_____

Attest:_____

Executed, sealed and delivered by
FLORIDA POWER & LIGHT COMPANY
in the presence of:

_____

_____

BANKERS TRUST COMPANY,
As Trustee

By:_____

Attest:_____

Executed, sealed and delivered by
BANKERS TRUST COMPANY
in the presence of:

_____

STATE OF FLORIDA
COUNTY OF PALM BEACH } ss:

On the _____ day of _____, in the year ____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he resides at _____; that he is a _____ of FLORIDA POWER & LIGHT COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

I HEREBY CERTIFY, that on this _____ day of _____, ____, before me personally appeared _____ and _____, respectively, the _____and an _____ of FLORIDA POWER & LIGHT COMPANY, a corporation under the laws of the State of Florida, to me known to be the persons described in and who executed the foregoing instrument and severally acknowledged the execution thereof to be their free act and deed as such officers, for the uses and purposes therein mentioned; and that they affixed thereto the official seal of said corporation, and that said instrument is the act and deed of said corporation.

_____ and _____ produced Florida Driver's License No. _____ and Florida Driver's License No. _____ as identification, respectively, and did take an oath.

WITNESS my signature and official seal at Juno Beach, in the County of Palm Beach, and State of Florida, the day and year last aforesaid.

Notary Public, State of Florida
Commission No. _____
My Commission Expires _____

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

On the _____ day of _____, in the year ____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he resides at _____; that he is a _____ of BANKERS TRUST COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

I HEREBY CERTIFY, that on this _____ day of _____, ____, before me personally appeared _____ and _____, respectively, a _____ and an _____ of BANKERS TRUST COMPANY, a corporation under the laws of the state of New York, to me known to be the persons described in and who executed the foregoing instrument and severally acknowledged the execution thereof to be their free act and deed as such officers, for the uses and purposes therein mentioned; and that they affixed thereto the official seal of said corporation, and that said instrument is the act and deed of said corporation.

_____ and _____ produced _____ Driver's License No. _____ and _____ Driver's License No. _____ as identification, respectively, and did take an oath.

WITNESS my signature and official seal at New York City, in the County of New York, and State of New York, the day and year last aforesaid.

Notary Public, State of New York
Commission No. _____
Qualified in _____ County
My Commission Expires _____

STEEL HECTOR & DAVIS

Steel Hector & Davis LLP
200 South Biscayne Boulevard
Miami, Florida 33131-2398
305.577.7000
305.577.7001 Fax
www.steelhector.com

April 9, 2001

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation (the "Company"), we have participated in the preparation and filing of a registration statement on Form S-3 to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or about the date hereof (the "Registration Statement") in connection with the proposed offering of up to $500 million in aggregate principal amount of the Company's First Mortgage Bonds (the "Bonds"). In connection therewith, we have reviewed such documents and records as we have deemed necessary to enable us to express an opinion on the matters covered hereby.

Based on the foregoing, we are of the opinion that the Bonds, when sold as contemplated by the Registration Statement, will be valid, legal and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and creditors' rights and remedies generally and general principles of equity.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the reference to us in the prospectus included in the Registration Statement under the captions "Experts" and "Legal Opinions".

We are members of the Florida Bar and this opinion is limited to the laws of Florida and the federal laws of the United States. As to all matters of New York law, we have relied, with your consent, upon the opinion of even date herewith rendered to you by Thelen Reid & Priest LLP, New York, New York. As to all matters of Florida law, Thelen Reid & Priest LLP is hereby authorized to rely upon this opinion as though it were rendered to it.

Very truly yours,

Steel Hector & Davis LLP

STEEL HECTOR & DAVIS LLP

THELEN REID & PRIEST LLP

NEW YORK
SAN FRANCISCO
WASHINGTON, D.C.
LOS ANGELES
SILICON VALLEY
MORRISTOWN, N.J.

ATTORNEYS AT LAW
40 WEST 57TH STREET
NEW YORK, N.Y. 10019-4097
TEL (212) 603-2000 FAX (212) 603-2001
www.thelenreid.com

Exhibit 5(b)

NEW YORK OFFICE
DIRECT DIAL NUMBER

April 9, 2001

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation (the "Company"), we have participated in the preparation and filing of a registration statement on Form S-3 to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or about the date hereof (the "Registration Statement"), in connection with the proposed offering of up to $500 million in aggregate principal amount of the Company's First Mortgage Bonds (the "Bonds"). In connection therewith, we have reviewed such documents and records as we have deemed necessary to enable us to express an opinion on the matters covered hereby.

Based on the foregoing, we are of the opinion that the Bonds, when sold as contemplated by the Registration Statement, will be valid, legal and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and creditors' rights and remedies generally and general principles of equity.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the reference to us in the prospectus included in the Registration Statement under the caption "Legal Opinions".

We are members of the New York Bar and this opinion is limited to the laws of the State of New York and the federal laws of the United States. As to all matters of Florida law, we have relied, with your consent, upon the opinion of even date herewith rendered to you by Steel Hector & Davis LLP, West Palm Beach, Florida. As to all matters of New York law, Steel Hector & Davis LLP, is authorized to rely upon this opinion as if it were addressed to it.

Very truly yours,

Thelen Reid & Priest LLP

THELEN REID & PRIEST LLP

Deloitte & Touche LLP
Certified Public Accountants
Suite 900
1645 Palm Beach Lakes Boulevard
West Palm Beach, Florida 33401-2221

Tel: (561) 687-4000
Fax: (561) 687-4061
www.us.deloitte.com

Deloitte
& Touche

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Florida Power & Light Company on Form S-3 of our report dated February 9, 2001, except for the first paragraph of Note 2, as to which the date is April 2, 2001, appearing in the Annual Report on Form 10-K/A of Florida Power & Light Company for the year ended December 31, 2000 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Miami, Florida
April 9, 2001

Exhibit 25

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

BANKERS TRUST COMPANY
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
FOUR ALBANY STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10006** (Zip Code)

Bankers Trust Company
Legal Department
130 Liberty Street, 31st Floor
New York, New York 10006
(212) 250-2201
(Name, address and telephone number of agent for service)

FLORIDA POWER & LIGHT COMPANY
(Exact name of obligor as specified in its charter)

Florida (State or other jurisdiction of Incorporation or organization)	**59-0247775** (I.R.S. employer Identification no.)

700 Universe Boulevard
Juno Beach, FL 33408
561-694-4000
(Address of principal executive offices)

First Mortgage Bonds
(Title of indenture securities)

Item 1. **General Information.**

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.
Yes.

Item 2. **Affiliations with Obligor.**

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. **Not Applicable**

Item 16. **List of Exhibits.**

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998. A copy of each attached.

Exhibit 2 - Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 33-21047.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 33-21047.

Exhibit 4 - Existing By-Laws of Bankers Trust Company, as amended on June 22, 1999. Copy attached.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act. - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 22-18864.

Exhibit 7 - The latest report of condition of Bankers Trust Company dated as of December 31, 2000. Copy attached.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Bankers Trust Company, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 10th day of April, 2001.

BANKERS TRUST COMPANY

By _____
Boris Treyger
Associate

State of New York,

Banking Department

I, MANUEL KURSKY, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed Certificate entitled **"RESTATED ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8007 of the Banking Law,"** dated August 6, 1998, providing for the restatement of the Organization Certificate and all amendments into a single certificate.

Witness, *my hand and official seal of the Banking Department at the City of New York, this 31st day of August in the Year of our Lord one thousand nine hundred and* ***ninety-eight.***

Manuel Kursky
Deputy Superintendent of Banks

RESTATED ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY

Under Section 8007
Of the Banking Law

Bankers Trust Company
130 Liberty Street
New York, N.Y. 10006

Counterpart Filed in the Office of the Superintendent of Banks, State of New York, August 31, 1998

RESTATED ORGANIZATION CERTIFICATE
OF
BANKERS TRUST
Under Section 8007 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and an Assistant Secretary and a Vice President and an Assistant Secretary of BANKERS TRUST COMPANY, do hereby certify:

1. The name of the corporation is Bankers Trust Company.

2. The organization certificate of the corporation was filed by the Superintendent of Banks of the State of New York on March 5, 1903.

3. The text of the organization certificate, as amended heretofore, is hereby restated without further amendment or change to read as herein-set forth in full, to wit:

"Certificate of Organization
of
Bankers Trust Company

Know All Men By These Presents That we, the undersigned, James A. Blair, James G. Cannon, E. C. Converse, Henry P. Davison, Granville W. Garth, A. Barton Hepburn, Will Logan, Gates W. McGarrah, George W. Perkins, William H. Porter, John F. Thompson, Albert H. Wiggin, Samuel Woolverton and Edward F. C. Young, all being persons of full age and citizens of the United States, and a majority of us being residents of the State of New York, desiring to form a corporation to be known as a Trust Company, do hereby associate ourselves together for that purpose under and pursuant to the laws of the State of New York, and for such purpose we do hereby, under our respective hands and seals, execute and duly acknowledge this Organization Certificate in duplicate, and hereby specifically state as follows, to wit:

I. The name by which the said corporation shall be known is Bankers Trust Company.

II. The place where its business is to be transacted is the City of New York, in the State of New York.

III. Capital Stock: The amount of capital stock which the corporation is hereafter to have is Three Billion One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars ($3,001,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of $10 each designated as Common Stock and 1,000 shares with a par value of One Million Dollars ($1,000,000) each designated as Series Preferred Stock.

(a) *Common Stock*

1. Dividends: Subject to all of the rights of the Series Preferred Stock, dividends may be declared and paid or set apart for payment upon the Common Stock out of any assets or funds of the corporation legally available for the payment of dividends.

2. Voting Rights: Except as otherwise expressly provided with respect to the Series Preferred Stock or with respect to any series of the Series Preferred Stock, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, each holder of the Common Stock being entitled to one vote for each share thereof held.

3. Liquidation: Upon any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, and after the holders of the Series Preferred Stock of each series shall have been paid in full the amounts to which they respectively shall be entitled, or a sum sufficient for the payment in full set aside, the remaining net assets of the corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interests, to the exclusion of the holders of the Series Preferred Stock.

4. Preemptive Rights: No holder of Common Stock of the corporation shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or series whatsoever, any rights or options to purchase stock of any class or series whatsoever, or any securities convertible into, exchangeable for or carrying rights or options to purchase stock of any class or series whatsoever, whether now or hereafter authorized, and whether issued for cash or other consideration, or by way of dividend or other distribution.

(b) *Series Preferred Stock*

1. Board Authority: The Series Preferred Stock may be issued from time to time by the Board of Directors as herein provided in one or more series. The designations, relative rights, preferences and limitations of the Series Preferred Stock, and particularly of the shares of each series thereof, may, to the extent permitted by law, be similar to or may differ from those of any other series. The Board of Directors of the corporation is hereby expressly granted authority, subject to the provisions of this Article III, to issue from time to time Series Preferred Stock in one or more series and to fix from time to time before issuance thereof, by filing a certificate pursuant to the Banking Law, the number of shares in each such series of such class and all designations, relative rights (including the right, to the extent permitted by law, to convert into shares of any class or into shares of any series of any class), preferences and limitations of the shares in each such series, including, buy without limiting the generality of the foregoing, the following:

(i) The number of shares to constitute such series (which number may at any time, or from time to time, be increased or decreased by the Board of Directors, notwithstanding that shares of the series may be outstanding at the time of such increase or decrease, unless the Board of Directors shall have otherwise provided in creating such series) and the distinctive designation thereof;

(ii) The dividend rate on the shares of such series, whether or not dividends on the shares of such series shall be cumulative, and the date or dates, if any, from which dividends thereon shall be cumulative;

(iii) Whether or not the share of such series shall be redeemable, and, if redeemable, the date or dates upon or after which they shall be redeemable, the amount or amounts per share (which shall be, in the case of each share, not less than its preference upon involuntary liquidation, plus an amount equal to all dividends thereon accrued and unpaid, whether or not earned or declared) payable thereon in the case of

the redemption thereof, which amount may vary at different redemption dates or otherwise as permitted by law;

(iv) The right, if any, of holders of shares of such series to convert the same into, or exchange the same for, Common Stock or other stock as permitted by law, and the terms and conditions of such conversion or exchange, as well as provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) The amount per share payable on the shares of such series upon the voluntary and involuntary liquidation, dissolution or winding up of the corporation;

(vi) Whether the holders of shares of such series shall have voting power, full or limited, in addition to the voting powers provided by law and, in case additional voting powers are accorded, to fix the extent thereof; and

(vii) Generally to fix the other rights and privileges and any qualifications, limitations or restrictions of such rights and privileges of such series, provided, however, that no such rights, privileges, qualifications, limitations or restrictions shall be in conflict with the organization certificate of the corporation or with the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of which there are shares outstanding.

All shares of Series Preferred Stock of the same series shall be identical in all respects, except that shares of any one series issued at different times may differ as to dates, if any, from which dividends thereon may accumulate. All shares of Series Preferred Stock of all series shall be of equal rank and shall be identical in all respects except that to the extent not otherwise limited in this Article III any series may differ from any other series with respect to any one or more of the designations, relative rights, preferences and limitations described or referred to in subparagraphs (I) to (vii) inclusive above.

2. Dividends: Dividends on the outstanding Series Preferred Stock of each series shall be declared and paid or set apart for payment before any dividends shall be declared and paid or set apart for payment on the Common Stock with respect to the same quarterly dividend period. Dividends on any shares of Series Preferred Stock shall be cumulative only if and to the extent set forth in a certificate filed pursuant to law. After dividends on all shares of Series Preferred Stock (including cumulative dividends if and to the extent any such shares shall be entitled thereto) shall have been declared and paid or set apart for payment with respect to any quarterly dividend period, then and not otherwise so long as any shares of Series Preferred Stock shall remain outstanding, dividends may be declared and paid or set apart for payment with respect to the same quarterly dividend period on the Common Stock out the assets or funds of the corporation legally available therefor.

All Shares of Series Preferred Stock of all series shall be of equal rank, preference and priority as to dividends irrespective of whether or not the rates of dividends to which the same shall be entitled shall be the same and when the stated dividends are not paid in full, the shares of all series of the Series Preferred Stock shall share ratably in the payment thereof in accordance with the sums which would be payable on such shares if all dividends were paid in full, provided, however, that any two or more series of the Series Preferred Stock may differ from each other as to the existence and extent of the right to cumulative dividends, as aforesaid.

3. Voting Rights: Except as otherwise specifically provided in the certificate filed pursuant to law with respect to any series of the Series Preferred Stock, or as otherwise provided by law, the Series Preferred Stock shall not have any right to vote for the election of directors or

for any other purpose and the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes.

4. Liquidation: In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, each series of Series Preferred Stock shall have preference and priority over the Common Stock for payment of the amount to which each outstanding series of Series Preferred Stock shall be entitled in accordance with the provisions thereof and each holder of Series Preferred Stock shall be entitled to be paid in full such amount, or have a sum sufficient for the payment in full set aside, before any payments shall be made to the holders of the Common Stock. If, upon liquidation, dissolution or winding up of the corporation, the assets of the corporation or proceeds thereof, distributable among the holders of the shares of all series of the Series Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in accordance with the respective amounts which would be payable if all amounts payable thereon were paid in full. After the payment to the holders of Series Preferred Stock of all such amounts to which they are entitled, as above provided, the remaining assets and funds of the corporation shall be divided and paid to the holders of the Common Stock.

5. Redemption: In the event that the Series Preferred Stock of any series shall be made redeemable as provided in clause (iii) of paragraph 1 of section (b) of this Article III, the corporation, at the option of the Board of Directors, may redeem at any time or times, and from time to time, all or any part of any one or more series of Series Preferred Stock outstanding by paying for each share the then applicable redemption price fixed by the Board of Directors as provided herein, plus an amount equal to accrued and unpaid dividends to the date fixed for redemption, upon such notice and terms as may be specifically provided in the certificate filed pursuant to law with respect to the series.

6. Preemptive Rights: No holder of Series Preferred Stock of the corporation shall be entitled, as such, as a matter or right, to subscribe for or purchase any part of any new or additional issue of stock of any class or series whatsoever, any rights or options to purchase stock of any class or series whatsoever, or any securities convertible into, exchangeable for or carrying rights or options to purchase stock of any class or series whatsoever, whether now or hereafter authorized, and whether issued for cash or other consideration, or by way of dividend.

(c) *Provisions relating to Floating Rate Non-Cumulative Preferred Stock, Series A. (Liquidation value $1,000,000 per share.)*

1. Designation: The distinctive designation of the series established hereby shall be "Floating Rate Non-Cumulative Preferred Stock, Series A" (hereinafter called "Series A Preferred Stock").

2. Number: The number of shares of Series A Preferred Stock shall initially be 250 shares. Shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the corporation shall be cancelled and shall revert to authorized but unissued Series Preferred Stock undesignated as to series.

3. Dividends:

(a) Dividend Payments Dates. Holders of the Series A Preferred Stock shall be entitled to receive non-cumulative cash dividends when, as and if declared by the Board of Directors of the corporation, out of funds legally available therefor, from the date of original issuance of such shares (the "Issue Date") and such dividends will be payable on March 28, June 28, September 28 and December 28 of each year ("Dividend Payment Date") commencing

September 28, 1990, at a rate per annum as determined in paragraph 3(b) below. The period beginning on the Issue Date and ending on the day preceding the first Dividend Payment Date and each successive period beginning on a Dividend Payment Date and ending on the date preceding the next succeeding Dividend Payment Date is herein called a "Dividend Period". If any Dividend Payment Date shall be, in The City of New York, a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment will be postponed to the next succeeding business day with the same force and effect as if made on the Dividend Payment Date, and no interest shall accrue for such Dividend Period after such Dividend Payment Date.

(b) Dividend Rate. The dividend rate from time to time payable in respect of Series A Preferred Stock (the "Dividend Rate") shall be determined on the basis of the following provisions:

(i) On the Dividend Determination Date, LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date, as such rates appear on the Reuters Screen LIBO Page as of 11:00 A.M. London time, on such Dividend Determination Date. If at least two such offered rates appear on the Reuters Screen LIBO Page, LIBOR in respect of such Dividend Determination Dates will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of such offered rates. If fewer than those offered rates appear, LIBOR in respect of such Dividend Determination Date will be determined as described in paragraph (ii) below.

(ii) On any Dividend Determination Date on which fewer than those offered rates for the applicable maturity appear on the Reuters Screen LIBO Page as specified in paragraph (I) above, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date and in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time are offered by three major banks in the London interbank market selected by the corporation at approximately 11:00 A.M., London time, on such Dividend Determination Date to prime banks in the London market. The corporation will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such Dividend Determination Date will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of such quotations. If fewer than two quotations are provided, LIBOR in respect of such Dividend Determination Date will be the arithmetic mean (rounded to the nearest one-hundredth of a percent, with five one-thousandths of a percent rounded upwards) of the rates quoted by three major banks in New York City selected by the corporation at approximately 11:00 A.M., New York City time, on such Dividend Determination Date for loans in U.S. dollars to leading European banks having a maturity of three months commencing on the second London Business Day immediately following such Dividend Determination Date and in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the corporation are not quoting as aforementioned in this sentence, then, with respect to such Dividend Period, LIBOR for the preceding Dividend Period will be continued as LIBOR for such Dividend Period.

(ii) The Dividend Rate for any Dividend Period shall be equal to the lower of 18% or 50 basis points above LIBOR for such Dividend Period as LIBOR is determined by sections (I) or (ii) above.

As used above, the term "Dividend Determination Date" shall mean, with respect to any Dividend Period, the second London Business Day prior to the commencement of such Dividend Period; and the term "London Business Day" shall mean any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or required by law or executive order to close and that is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

4. Voting Rights: The holders of the Series A Preferred Stock shall have the voting power and rights set forth in this paragraph 4 and shall have no other voting power or rights except as otherwise may from time to time be required by law.

So long as any shares of Series A Preferred Stock remain outstanding, the corporation shall not, without the affirmative vote or consent of the holders of at least a majority of the votes of the Series Preferred Stock entitled to vote outstanding at the time, given in person or by proxy, either in writing or by resolution adopted at a meeting at which the holders of Series A Preferred Stock (alone or together with the holders of one or more other series of Series Preferred Stock at the time outstanding and entitled to vote) vote separately as a class, alter the provisions of the Series Preferred Stock so as to materially adversely affect its rights; provided, however, that in the event any such materially adverse alteration affects the rights of only the Series A Preferred Stock, then the alteration may be effected with the vote or consent of at least a majority of the votes of the Series A Preferred Stock; provided, further, that an increase in the amount of the authorized Series Preferred Stock and/or the creation and/or issuance of other series of Series Preferred Stock in accordance with the organization certificate shall not be, nor be deemed to be, materially adverse alterations. In connection with the exercise of the voting rights contained in the preceding sentence, holders of all series of Series Preferred Stock which are granted such voting rights (of which the Series A Preferred Stock is the initial series) shall vote as a class (except as specifically provided otherwise) and each holder of Series A Preferred Stock shall have one vote for each share of stock held and each other series shall have such number of votes, if any, for each share of stock held as may be granted to them.

The foregoing voting provisions will not apply if, in connection with the matters specified, provision is made for the redemption or retirement of all outstanding Series A Preferred Stock.

5. Liquidation: Subject to the provisions of section (b) of this Article III, upon any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, the holders of the Series A Preferred Stock shall have preference and priority over the Common Stock for payment out of the assets of the corporation or proceeds thereof, whether from capital or surplus, of $1,000,000 per share (the "liquidation value") together with the amount of all dividends accrued and unpaid thereon, and after such payment the holders of Series A Preferred Stock shall be entitled to no other payments.

6. Redemption: Subject to the provisions of section (b) of this Article III, Series A Preferred Stock may be redeemed, at the option of the corporation in whole or part, at any time or from time to time at a redemption price of $1,000,000 per share, in each case plus accrued and unpaid dividends to the date of redemption.

At the option of the corporation, shares of Series A Preferred Stock redeemed or otherwise acquired may be restored to the status of authorized but unissued shares of Series Preferred Stock.

In the case of any redemption, the corporation shall give notice of such redemption to the holders of the Series A Preferred Stock to be redeemed in the following manner: a notice specifying the shares to be redeemed and the time and place of redemption (and, if less than the

total outstanding shares are to be redeemed, specifying the certificate numbers and number of shares to be redeemed) shall be mailed by first class mail, addressed to the holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as the same shall appear upon the books of the corporation, not more than sixty (60) days and not less than thirty (30) days previous to the date fixed for redemption. In the event such notice is not given to any shareholder such failure to give notice shall not affect the notice given to other shareholders. If less than the whole amount of outstanding Series A Preferred Stock is to be redeemed, the shares to be redeemed shall be selected by lot or pro rata in any manner determined by resolution of the Board of Directors to be fair and proper. From and after the date fixed in any such notice as the date of redemption (unless default shall be made by the corporation in providing moneys at the time and place of redemption for the payment of the redemption price) all dividends upon the Series A Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders of said Series A Preferred Stock as stockholders in the corporation, except the right to receive the redemption price (without interest) upon surrender of the certificate representing the Series A Preferred Stock so called for redemption, duly endorsed for transfer, if required, shall cease and terminate. The corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the corporation shall deposit with a bank or trust company (which may be an affiliate of the corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least $5,000,000 funds necessary for such redemption, in trust with irrevocable instructions that such funds be applied to the redemption of the shares of Series A Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the corporation from time to time. Any funds so deposited and unclaimed at the end of two (2) years from such redemption date shall be released or repaid to the corporation, after which the holders of such shares of Series A Preferred Stock so called for redemption shall look only to the corporation for payment of the redemption price.

IV. The name, residence and post office address of each member of the corporation are as follows:

Name	*Residence*	*Post Office Address*
James A. Blair	9 West 50th Street, Manhattan, New York City	33 Wall Street, Manhattan, New York City
James G. Cannon	72 East 54th Street, Manhattan New York City	14 Nassau Street, Manhattan, New York City
E. C. Converse	3 East 78th Street, Manhattan, New York City	139 Broadway, Manhattan, New York City
Henry P. Davison	Englewood, New Jersey	2 Wall Street, Manhattan, New York City
Granville W. Garth	160 West 57th Street, Manhattan, New York City	33 Wall Street Manhattan, New York City
A. Barton Hepburn	205 West 57th Street Manhattan, New York City	83 Cedar Street Manhattan, New York City
William Logan	Montclair, New Jersey	13 Nassau Street Manhattan, New York City
George W. Perkins	Riverdale,	23 Wall Street,

	New York	Manhattan, New York City
William H. Porter	56 East 67th Street Manhattan, New York City	270 Broadway, Manhattan, New York City
John F. Thompson	Newark, New Jersey	143 Liberty Street, Manhattan, New York City
Albert H. Wiggin	42 West 49th Street, Manhattan, New York City	214 Broadway, Manhattan, New York City
Samuel Woolverton	Mount Vernon, New York	34 Wall Street, Manhattan, New York City
Edward F.C. Young	85 Glenwood Avenue, Jersey City, New Jersey	1 Exchange Place, Jersey City, New Jersey

V. The existence of the corporation shall be perpetual.

VI. The subscribers, the members of the said corporation, do, and each for himself does, hereby declare that he will accept the responsibilities and faithfully discharge the duties of a director therein, if elected to act as such, when authorized accordance with the provisions of the Banking Law of the State of New York.

VII. The number of directors of the corporation shall not be less than 10 nor more than 25."

4. The foregoing restatement of the organization certificate was authorized by the Board of Directors of the corporation at a meeting held on July 21, 1998.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 6th day of August, 1998.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 6th day of August, 1998.

James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

Lea Lahtinen
Lea Lahtinen

State of New York)
) ss:
County of New York)

Lea Lahtinen, being duly sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

Lea Lahtinen
Lea Lahtinen

Sworn to before me this
6th day of August, 1998.

Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 1998

State of New York,

Banking Department

I, MANUEL KURSKY, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed Certificate entitled "CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8005 of the Banking Law," dated September 16, 1998, providing for an increase in authorized capital stock from $3,001,666,670 consisting of 200,166,667 shares with a par value of $10 each designated as Common Stock and 1,000 shares with a par value of $1,000,000 each designated as Series Preferred Stock to $3,501,666,670 consisting of 200,166,667 shares with a par value of $10 each designated as Common Stock and 1,500 shares with a par value of $1,000,000 each designated as Series Preferred Stock.

Witness, *my hand and official seal of the Banking Department at the City of New York, this 25th day of September in the Year of our Lord one thousand nine hundred and ninety-eight.*

Manuel Kursky
Deputy Superintendent of Banks

CERTIFICATE OF AMENDMENT

OF THE

ORGANIZATION CERTIFICATE

OF BANKERS TRUST

Under Section 8005 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and Secretary and a Vice President and an Assistant Secretary of Bankers Trust Company, do hereby certify:

1. The name of the corporation is Bankers Trust Company.

2. The organization certificate of said corporation was filed by the Superintendent of Banks on the 5th of March, 1903.

3. The organization certificate as heretofore amended is hereby amended to increase the aggregate number of shares which the corporation shall have authority to issue and to increase the amount of its authorized capital stock in conformity therewith.

4. Article III of the organization certificate with reference to the authorized capital stock, the number of shares into which the capital stock shall be divided, the par value of the shares and the capital stock outstanding, which reads as follows:

> "III. The amount of capital stock which the corporation is hereafter to have is Three Billion, One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars ($3,001,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of $10 each designated as Common Stock and 1000 shares with a par value of One Million Dollars ($1,000,000) each designated as Series Preferred Stock."

is hereby amended to read as follows:

> "III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Five Hundred One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars ($3,501,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of $10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars ($1,000,000) each designated as Series Preferred Stock."

5. The foregoing amendment of the organization certificate was authorized by unanimous written consent signed by the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 25th day of September, 1998

James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

State of New York)
) ss:
County of New York)

Lea Lahtinen, being fully sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

Lea Lahtinen
Lea Lahtinen

Sworn to before me this 25th day
of September, 1998

Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 2000

State of New York,

Banking Department

I, P. VINCENT CONLON, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed Certificate entitled **"CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF BANKERS TRUST COMPANY Under Section 8005 of the Banking Law,"** dated December 16, 1998, providing for an increase in authorized capital stock from $3,501,666,670 consisting of 200,166,667 shares with a par value of $10 each designated as Common Stock and 1,500 shares with a par value of $1,000,000 each designated as Series Preferred Stock to $3,627,308,670 consisting of 212,730,867 shares with a par value of $10 each designated as Common Stock and 1,500 shares with a par value of $1,000,000 each designated as Series Preferred Stock.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* ***18th*** *day of* ***December*** *in the Year of our Lord one thousand nine hundred and* ***ninety-eight.***

P. Vincent Conlon
Deputy Superintendent of Banks

CERTIFICATE OF AMENDMENT

OF THE

ORGANIZATION CERTIFICATE

OF BANKERS TRUST

Under Section 8005 of the Banking Law

We, James T. Byrne, Jr. and Lea Lahtinen, being respectively a Managing Director and Secretary and a Vice President and an Assistant Secretary of Bankers Trust Company, do hereby certify:

1. The name of the corporation is Bankers Trust Company.

2. The organization certificate of said corporation was filed by the Superintendent of Banks on the 5th of March, 1903.

3. The organization certificate as heretofore amended is hereby amended to increase the aggregate number of shares which the corporation shall have authority to issue and to increase the amount of its authorized capital stock in conformity therewith.

4. Article III of the organization certificate with reference to the authorized capital stock, the number of shares into which the capital stock shall be divided, the par value of the shares and the capital stock outstanding, which reads as follows:

> "III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Five Hundred One Million, Six Hundred Sixty-Six Thousand, Six Hundred Seventy Dollars ($3,501,666,670), divided into Two Hundred Million, One Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven (200,166,667) shares with a par value of $10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars ($1,000,000) each designated as Series Preferred Stock."

is hereby amended to read as follows:

> "III. The amount of capital stock which the corporation is hereafter to have is Three Billion, Six Hundred Twenty-Seven Million, Three Hundred Eight Thousand, Six Hundred Seventy Dollars ($3,627,308,670), divided into Two Hundred Twelve Million, Seven Hundred Thirty Thousand, Eight Hundred Sixty- Seven (212,730,867) shares with a par value of $10 each designated as Common Stock and 1500 shares with a par value of One Million Dollars ($1,000,000) each designated as Series Preferred Stock."

5. The foregoing amendment of the organization certificate was authorized by unanimous written consent signed by the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have made and subscribed this certificate this 16th day of December, 1998

James T. Byrne, Jr.
James T. Byrne, Jr.
Managing Director and Secretary

Lea Lahtinen
Lea Lahtinen
Vice President and Assistant Secretary

State of New York)
) ss:
County of New York)

Lea Lahtinen, being fully sworn, deposes and says that she is a Vice President and an Assistant Secretary of Bankers Trust Company, the corporation described in the foregoing certificate; that she has read the foregoing certificate and knows the contents thereof, and that the statements herein contained are true.

Lea Lahtinen
Lea Lahtinen

Sworn to before me this 16th day
of December, 1998

Sandra L. West
Notary Public

SANDRA L. WEST
Notary Public State of New York
No. 31-4942101
Qualified in New York County
Commission Expires September 19, 2000

BY-LAWS

JUNE 22, 1999

Bankers Trust Corporation
(Incorporated under the New York Business Corporation Law)

BANKERS TRUST CORPORATION

BY-LAWS

ARTICLE I

SHAREHOLDERS

SECTION 1.01 *Annual Meetings.* The annual meetings of shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on the third Tuesday in April of each year, if not a legal holiday, and if a legal holiday then on the next succeeding business day, at such hour as shall be designated by the Board of Directors. If no other hour shall be so designated such meeting shall be held at 3 P.M.

SECTION 1.02 *Special Meetings.* Special meetings of the shareholders, except those regulated otherwise by statute, may be called at any time by the Board of Directors, or by any person or committee expressly so authorized by the Board of Directors and by no other person or persons.

SECTION 1.03 *Place of Meetings.* Meetings of shareholders shall be held at such place within or without the State of New York as shall be determined from time to time by the Board of Directors or, in the case of special meetings, by such person or persons as may be authorized to call a meeting. The place in which each meeting is to be held shall be specified in the notice of such meeting.

SECTION 1.04 *Notice of Meetings.* A copy of the written notice of the place, date and hour of each meeting of shareholders shall be given personally or by mail, not less than ten nor more than fifty days before the date of the meeting, to each shareholder entitled to vote at such meeting. Notice of a special meeting shall indicate that it is being issued by or at the direction of the person or persons calling the meeting and shall also state the purpose or purposes for which the meeting is called. Notice of any meeting at which is proposed to take action which would entitle shareholders to receive payment for their shares pursuant to statutory provisions must include a statement of that purpose and to that effect. If mailed, such notices of the annual and each special meeting are given when deposited in the United States mail, postage prepaid, directed to the shareholder at his address as it appears in the record of shareholders unless he shall have filed with the Secretary of the corporation a written request that notices intended for him shall be mailed to some other address, in which case it shall be directed to him at such other address.

SECTION 1.05 *Record Date.* For the purpose of determining the shareholders entitled to notice of or to vote any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action.

SECTION 1.06 *Quorum.* The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote thereat shall constitute a quorum at a meeting of shareholders for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation or by the By-Laws. The shareholders present in person or by proxy and entitled to vote at any meeting, despite the absence of a quorum, shall have power to adjourn the meeting from time to time, to a designated time and place, without notice other than by announcement at the meeting, and at any adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. However, if after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice.

SECTION 1.07 *Notice of Shareholder Business at Annual Meeting.* At an annual meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the corporation who complies with the notice procedures set forth in this Section 1.07. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than thirty days nor more than fifty days prior to the meeting; *provided, however,* that in the event that less than forty days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the shareholder and (d) any material interest of the shareholder in such business. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1.07 and Section 2.03. The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 1.07 and Section 2.03, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.01 *Number and Qualifications.* The business of the corporation shall be managed by its Board of Directors. The number of directors constituting the entire Board of Directors shall be not less than seven nor more than fifteen, as shall be fixed from time to time by vote of a majority of the entire Board of Directors. Each director shall be at least 21 years of age. Directors need not be shareholders. No Officer-Director who shall have attained age 65, or earlier relinquishes his responsibilities and title, shall be eligible to serve as a director.

SECTION 2.02 *Election.* At each annual meeting of shareholders, directors shall be elected by a plurality of the votes to hold office until the next annual meeting. Subject to the provisions of the statute, of the Certificate of Incorporation and of the By-Laws, each director shall hold office until the expiration of the term for which elected, and until his successor has been elected and qualified.

SECTION 2.03 *Nomination and Notification of Nomination.* Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the Board of Directors or to any committee appointed by the Board of Directors or by any shareholder entitled to vote in the election of directors generally. However, any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the corporation not later than (i) with respect to an election to be held at an annual meeting of shareholders ninety days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the corporation if so elected. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in the By-Laws. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 2.04 *Regular Meetings.* Regular meetings of the Board of Directors may be held without notice at such places and times as may be fixed from time to time by resolution of the Board and a regular meeting for the purpose of organization and transaction of other business shall be held each year after the adjournment of the annual meeting of shareholders.

SECTION 2.05 *Special Meetings.* The Chairman of the Board, the Chief Executive Officer, the President, the Senior Vice Chairman or any Vice Chairman may, and at the request of three directors shall, call a special meeting of the Board of Directors, two days' notice of which shall be given in person or by mail, telegraph, radio, telephone or cable. Notice of a special meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

SECTION 2.06 *Place of Meeting.* The directors may hold their meetings, have one or more offices, and keep the books of the corporation (except as may be provided by law) at any place, either within or without the State of New York, as they may from time to time determine.

SECTION 2.07 *Quorum and Vote.* At all meetings of the Board of Directors the presence of one-third of the entire Board, but not less than two directors, shall constitute a quorum for the transaction of business. Any one or more members of the Board of Directors or of any committee thereof may participate in a meeting of the Board of Directors or a committee thereof by means of a conference telephone or similar communications equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such a

meeting. The vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board of Directors, except as may be otherwise provided by statute or the By-Laws.

SECTION 2.08 *Vacancies.* Newly created directorships resulting from increase in the number of directors and vacancies in the Board of Directors, whether caused by resignation, death, removal or otherwise, may be filled by vote of a majority of the directors then in office, although less than a quorum exists.

ARTICLE III

EXECUTIVE AND OTHER COMMITTEES

SECTION 3.01 *Designation and Authority.* The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other committees, each consisting of three or more directors. Each such committee, to the extent provided in the resolution or the By-Laws, shall have all the authority of the Board, except that no such committee shall have authority as to:

(i) the submission to shareholders of any action as to which shareholders' authorization is required by law.

(ii) the filling of vacancies in the Board of Directors or any committee.

(iii) the fixing of compensation of directors for serving on the Board or on any committee.

(iv) the amendment or appeal of the By-Laws, or the adoption of new By-Laws.

(v) the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

The Board may designate one or more directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee. Each such committee shall serve at the pleasure of the Board of Directors.

SECTION 3.02 *Procedure.* Except as may be otherwise provided by statute, by the By-Laws or by resolution of the Board of Directors, each committee may make rules for the call and conduct of its meetings. Each committee shall keep a record of its acts and proceedings and shall report the same from time to time to the Board of Directors.

ARTICLE IV

OFFICERS

SECTION 4.01 *Titles and General.* The Board of Directors shall elect from among their number a Chairman of the Board and a Chief Executive Officer, and may also elect a President, a Senior Vice Chairman, one or more Vice Chairmen, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Principals, one or more Vice Presidents, a Secretary, a Controller, a Treasurer, a General Counsel, a General Auditor, and a General Credit Auditor, who need not be directors. The officers of the corporation may also include such other officers or assistant officers as shall from time to time be elected or appointed by the Board. The Chairman of the Board or the Chief Executive Officer or,

in their absence, the President, the Senior Vice Chairman or any Vice Chairman, may from time to time appoint assistant officers. All officers elected or appointed by the Board of Directors shall hold their respective offices during the pleasure of the Board of Directors, and all assistant officers shall hold office at the pleasure of the Board or the Chairman of the Board or the Chief Executive Officer or, in their absence, the President, the Senior Vice Chairman or any Vice Chairman. The Board of Directors may require any and all officers and employees to give security for the faithful performance of their duties.

SECTION 4.02 *Chairman of the Board.* The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors. Subject to the Board of Directors, he shall exercise all the powers and perform all the duties usual to such office and shall have such other powers as may be prescribed by the Board of Directors or the Executive Committee or vested in him by the By-Laws.

SECTION 4.03 *Chief Executive Officer.* The Board of Directors shall designate the Chief Executive Officer of the corporation, which person may also hold the additional title of Chairman of the Board, President, Senior Vice Chairman or Vice Chairman. Subject to the Board of Directors, he shall exercise all the powers and perform all the duties usual to such office and shall have such other powers as may be prescribed by the Board of Directors or the Executive Committee or vested in him by the By-Laws.

SECTION 4.04 *Chairman of the Board, President, Senior Vice Chairman, Vice Chairmen, Executive Vice Presidents, Senior Vice Presidents, Principals and Vice Presidents.* The Chairman of the Board or, in his absence or incapacity the President or, in his absence or incapacity, the Senior Vice Chairman, the Vice Chairmen, the Executive Vice Presidents, or in their absence, the Senior Vice Presidents, in the order established by the Board of Directors shall, in the absence or incapacity of the Chief Executive Officer perform the duties of the Chief Executive Officer. The President, the Senior Vice Chairman, the Vice Chairmen, the Executive Vice Presidents, the Senior Vice Presidents, the Principals, and the Vice Presidents shall also perform such other duties and have such other powers as may be prescribed or assigned to them, respectively, from time to time by the Board of Directors, the Executive Committee, the Chief Executive Officer, or the By-Laws.

SECTION 4.05 *Controller.* The Controller shall perform all the duties customary to that office and except as may be otherwise provided by the Board of Directors shall have the general supervision of the books of account of the corporation and shall also perform such other duties and have such powers as may be prescribed or assigned to him from time to time by the Board of Directors, the Executive Committee, the Chief Executive Officer, or the By-Laws.

SECTION 4.06 *Secretary.* The Secretary shall keep the minutes of the meetings of the Board of Directors and of the shareholders and shall have the custody of the seal of the corporation. He shall perform all other duties usual to that office, and shall also perform such other duties and have such powers as may be prescribed or assigned to him from time to time by the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer, or the By-Laws.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 5.01 The corporation shall, to the fullest extent permitted by Section 721 of the New York Business Corporation Law, indemnify any person who is or was made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body

or agency, including an action by or in the right of the corporation to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the corporation is serving or served in any capacity at the request of the corporation by reason of the fact that he, his testator or intestate, is or was a director or officer of the corporation, or is serving or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement, and costs, charges and expenses, including attorneys' fees, or any appeal therein; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

SECTION 5.02 The corporation may indemnify any other person to whom the corporation is permitted to provide indemnification or the advancement of expenses by applicable law, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or other rights created by (i) a resolution of shareholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-Laws authorize the creation of other rights in any such manner.

SECTION 5.03 The corporation shall, from time to time, reimburse or advance to any person referred to in Section 5.01 the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action or proceeding referred to in Section 5.01, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

SECTION 5.04 Any director or officer of the corporation serving (i) another corporation, of which a majority of the shares entitled to vote in the election of its directors is held by the corporation, or (ii) any employee benefit plan of the corporation or any corporation referred to in clause (i), in any capacity shall be deemed to be doing so at the request of the corporation. In all other cases, the provisions of this Article V will apply (i) only if the person serving another corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise so served at the specific request of the corporation, evidenced by a written communication signed by the Chairman of the Board, the Chief Executive Officer, the President, the Senior Vice Chairman or any Vice Chairman, and (ii) only if and to the extent that, after making such efforts as the Chairman of the Board, the Chief Executive Officer, or the President shall deem adequate in the circumstances, such person shall be unable to obtain indemnification from such other enterprise or its insurer.

SECTION 5.05 Any person entitled to be indemnified or to the reimbursement or advancement of expenses as a matter of right pursuant to this Article V may elect to have the right to indemnification (or advancement of expenses) interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time indemnification is sought.

SECTION 5.06 The right to be indemnified or to the reimbursement or advancement of expenses pursuant to this Article V (i) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the corporation and the director or officer, (ii) is intended to be retroactive and shall be available with respect to events occurring

prior to the adoption hereof, and (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto.

SECTION 5.07 If a request to be indemnified or for the reimbursement or advancement of expenses pursuant hereto is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the action or create a presumption that the claimant is not so entitled.

SECTION 5.08 A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Section 5.01 shall be entitled to indemnification only as provided in Sections 5.01 and 5.03, notwithstanding any provision of the New York Business Corporation Law to the contrary.

ARTICLE VI

SEAL

SECTION 6.01 *Corporate Seal.* The corporate seal shall contain the name of the corporation and the year and state of its incorporation. The seal may be altered from time to time at the discretion of the Board of Directors.

ARTICLE VII

SHARE CERTIFICATES

SECTION 7.01 *Form.* The certificates for shares of the corporation shall be in such form as shall be approved by the Board of Directors and shall be signed by the Chairman of the Board, the Chief Executive Officer, the President, the Senior Vice Chairman or any Vice Chairman and the Secretary or an Assistant Secretary, and shall be sealed with the seal of the corporation or a facsimile thereof. The signatures of the officers upon the certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employees.

ARTICLE VIII

CHECKS

SECTION 8.01 *Signatures.* All checks, drafts and other orders for the payment of money shall be signed by such officer or officers or agent or agents as the Board of Directors may designate from time to time.

ARTICLE IX

AMENDMENT

SECTION 9.01 *Amendment of By-Laws.* The By-Laws may be amended, repealed or added to by vote of the holders of the shares at the time entitled to vote in the election of any directors. The Board of Directors may also amend, repeal or add to the By-Laws, but any By-Laws adopted by the Board of Directors may be amended or repealed by the shareholders entitled to vote thereon as provided herein. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-Laws so adopted, amended or repealed, together with concise statement of the changes made.

ARTICLE X

SECTION 10.01 *Construction.* The masculine gender, when appearing in these By-Laws, shall be deemed to include the feminine gender.

I, Boris Treyger, Associate of Bankers Trust Company, New York, New York, hereby certify that the foregoing is a complete, true and correct copy of the By-Laws of Bankers Trust Company, and that the same are in full force and effect at this date.

Boris Treyger
Associate

DATED: April 10, 2001

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Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for December 31, 2000

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, reported the amount outstanding as of the last business day of the quarter.

Schedule RC--Balance Sheet

Dollar Amounts in Thousands			C400 RCFD		
ASSETS					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	1,419,000	1.a.
b. Interest-bearing balances (2)			0071	1,423,000	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0	2.a.
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	354,000	2.b.
3. Federal funds sold and securities purchased under agreements to resell			1350	8,525,000	3.
4. Loans and lease financing receivables:					
a. Loans and leases, net of unearned income (from Schedule RC-C)	RCFD 2122	22,038,000			4.a.
b. LESS: Allowance for loan and lease losses	RCFD 3123	458,000			4.b.
c. LESS: Allocated transfer risk reserve	RCFD 3128	0			4.c.
d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c)			2125	15,892,000	4.d.
5. Trading Assets (from schedule RC-D)			3545	12,779,000	5.
6. Premises and fixed assets (including capitalized leases)			2145	600,000	6.
7. Other real estate owned (from Schedule RC-M)			2150	103,000	7.
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)			2130	51,000	8.
9. Customers' liability to this bank on acceptances outstanding			2155	254,000	9.
10. Intangible assets (from Schedule RC-M)			2143	70,000	10.
11. Other assets (from Schedule RC-F)			2160	2,854,000	11.
12. Total assets (sum of items 1 through 11)			2170	44,324,000	12.

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.

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Schedule RC—Continued

	Dollar Amounts in Thousands	
LIABILITIES		
13. Deposits:		
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON 2200 11,415,000	13.a.
(1) Noninterest-bearing(1)	RCON 6631 3,195,000	13.a.(1)
(2) Interest-bearing	RCON 6636 8,220,000	13.a.(2)
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E part II)	RCFN 2200 7,744,000	13.b.
(1) Noninterest-bearing	RCFN 6631 1,044,000	13.b.(1)
(2) Interest-bearing	RCFN 6636 6,700,000	13.b.(2)
14. Federal funds purchased and securities sold under agreements to repurchase	RCFD 2800 8,319,000	14.
15. a. Demand notes issued to the U.S. Treasury	RCON 2840 439,000	15.a.
b. Trading liabilities (from Schedule RC-D)	RCFD 3548 1,814,000	15.b.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):		
a. With a remaining maturity of one year or less	RCFD 2332 2,590,000	16.a.
b. With a remaining maturity of more than one year through three years	A547 842,000	16.b.
c. With a remaining maturity of more than three years	A548 558,000	16.c
17. Not Applicable.		17.
18. Bank's liability on acceptances executed and outstanding	RCFD 2920 254,000	18.
19. Subordinated notes and debentures (2)	RCFD 3200 284,000	19.
20. Other liabilities (from Schedule RC-G)	RCFD 2930 3,467,000	20.
21. Total liabilities (sum of items 13 through 20)	RCFD 2948 37,726,000	21.
22. Not Applicable		22.
EQUITY CAPITAL		
23. Perpetual preferred stock and related surplus	RCFD 3638 1,500,000	23.
24. Common stock	RCFD 3230 2,127,000	24.
25. Surplus (exclude all surplus related to preferred stock)	RCFD 3839 584,000	25.
26. a. Undivided profits and capital reserves	RCFD 3632 2,468,000	26.a.
b. Net unrealized holding gains (losses) on available-for-sale securities	RCFD 8434 5,000	26.b.
c. Accumulated net gains (losses) on cash flow hedges	RCFD 4336 0	26c.
27. Cumulative foreign currency translation adjustments	RCFD 3284 (86,000)	27.
28. Total equity capital (sum of items 23 through 27)	RCFD 3210 6,598,000	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	RCFD 3300 44,324,000	29

Memorandum

To be reported only with the March Report of Condition.

		Number	
1.	Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1999	RCFD 6724 N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

4 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

5 = Review of the bank's financial statements by external auditors

6 = Compilation of the bank's financial statements by external auditors

7 = Other audit procedures (excluding tax preparation work)

8 = No external audit work

(1) Including total demand deposits and noninterest-bearing time and savings deposits.

(2) Includes limited-life preferred stock and related surplus.

EXHIBIT (c) – 1A

As filed with the Securities and Exchange Commission on December 9, 2002
Registration Statement No. 333-101720

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FLORIDA POWER & LIGHT COMPANY

(Exact name of registrant as specified in its charter)

Florida	59-0247775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Dennis P. Coyle, Esq.	Thomas R. McGuigan, P.A.	Robert J. Reger, Jr., Esq.
General Counsel and Secretary	Steel Hector & Davis LLP	Thelen Reid & Priest LLP
Florida Power & Light Company	200 South Biscayne Boulevard	875 Third Avenue
700 Universe Boulevard	Suite 4000	New York, New York 10022
Juno Beach, Florida 33408	Miami, Florida 33131	(212) 603-2000
(561) 694-4000	(305) 577-7000	

(Names and addresses, including zip codes, and telephone numbers, including area codes, of agents for service)

It is respectfully requested that the Commission also send copies of all notices, orders and communications to:

Richard L. Harden, Esq.
Hunton & Williams
200 Park Avenue
New York, New York 10166
(212) 309-1000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☒ No. 333-58630

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (*)	Amount of Registration Fee
First Mortgage Bonds	$100,000,000	$9,200

* Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

Incorporation of Certain Information by Reference

This registration statement is being filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, with respect to the proposed offering by Florida Power & Light Company of up to $100 million in principal amount of its First Mortgage Bonds. In accordance with the provisions of General Instruction IV of Form S-3, the contents of the registration statement of Florida Power & Light Company, Registration Statement No. 333-58630, which was filed with the Securities and Exchange Commission on April 10, 2001, including the exhibits thereto, are incorporated by reference into this registration statement.

Item 16. ***Exhibits.***

5(a)	Opinion and Consent of Steel Hector & Davis LLP, counsel to Florida Power & Light Company
5(b)	Opinion and Consent of Thelen Reid & Priest LLP, counsel to Florida Power & Light Company
23(a)	Independent Auditors' Consent of Deloitte & Touche LLP.
23(b)	Consent of Steel Hector & Davis LLP (included in opinion, attached hereto as Exhibit 5(a)).
23(c)	Consent of Thelen Reid & Priest LLP (included in opinion, attached hereto as Exhibit 5(b)).
24	Powers of Attorney (included on the signature pages of this registration statement).

POWER OF ATTORNEY

Each director and/or officer of the registrant whose signature appears below hereby appoints the agents for service named in this registration statement, and each of them severally, as his attorney-in-fact to sign in his name and behalf, in any and all capacities stated below and to file with the Securities and Exchange Commission, any and all amendments, including post-effective amendments, to this registration statement, and the registrant hereby also appoints each such agent for service as its attorney-in-fact with like authority to sign and file any such amendments in its name and behalf.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Florida Power & Light Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, and State of Florida, on the 9th day of December, 2002.

FLORIDA POWER & LIGHT COMPANY

By: _____
Paul J. Evanson
President and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Lewis Hay III	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	December 9, 2002
Moray P. Dewhurst	Senior Vice President, Finance, Chief Financial Officer and Director (Principal Financial Officer)	December 9, 2002
K. Michael Davis	Vice President, Accounting, Controller and Chief Accounting Officer (Principal Accounting Officer)	December 9, 2002
Dennis P. Coyle	Director	December 9, 2002
Paul J. Evanson	Director	December 9, 2002
Lawrence J. Kelleher	Director	December 9, 2002
Armando J. Olivera	Director	December 9, 2002
Antonio Rodriguez	Director	December 9, 2002
John A. Stall	Director	

Exhibit Index

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24	Powers of Attorney (included on the signature pages of this registration statement).

Exhibit 5(a)

STEEL HECTOR & DAVIS

Steel Hector & Davis LLP
200 South Biscayne Boulevard
Miami, Florida 33131-2398
305 577 7000
305.577 7001 Fax
www.steelhector.com

December 9, 2002

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation (the "Company"), we have participated in the preparation of a registration statement (the "Registration Statement") on Form S-3 to be filed with the Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act") on or about the date hereof, in connection with the proposed offering of up to $100 million in principal amount of the Company's First Mortgage Bonds (the "Bonds"). In connection therewith, we have reviewed such documents and records as we have deemed necessary to enable us to express an opinion on the matters covered hereby.

Based on the foregoing, we are of the opinion that the Bonds will be valid, legal and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and creditors' rights and remedies generally and general principles of equity when issued and sold in accordance with their terms and as contemplated by the Registration Statement.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the reference to us in the prospectus incorporated by reference in the Registration Statement under the captions "Experts" and "Legal Opinions."

We are members of the Florida Bar and this opinion is limited to the laws of the State of Florida and the federal laws of the United States insofar as they bear on the matters covered hereby. As to all matters of New York law, we have relied, with your consent, upon the opinion of even date herewith rendered to you by Thelen Reid & Priest LLP, New York, New York. As to all matters of Florida law, Thelen Reid & Priest LLP is hereby authorized to rely upon this opinion as though it were addressed to it.

Very truly yours,

Steel Hector & Davis LLP

STEEL HECTOR & DAVIS LLP

MIA2001.175844

Exhibit 5(b)

Thelen Reid & Priest LLP
Attorneys At Law

875 Third Avenue
New York, NY 10022-6225

Tel. 212.603 2000
Fax 212 603.2001

www.thelenreid.com

December 9, 2002

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation (the "Company"), we have participated in the preparation of a registration statement (the "Registration Statement") on Form S-3 to be filed with the Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act") on or about the date hereof, in connection with the proposed offering of up to $100 million in principal amount of the Company's First Mortgage Bonds (the "Bonds"). In connection therewith, we have reviewed such documents and records as we have deemed necessary to enable us to express an opinion on the matters covered hereby.

Based on the foregoing, we are of the opinion that the Bonds will be valid, legal and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and creditors' rights and remedies generally and general principles of equity when issued and sold in accordance with their terms and as contemplated by the Registration Statement.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the reference to us in the prospectus incorporated by reference in the Registration Statement under the caption "Legal Opinions."

We are members of the New York Bar and this opinion is limited to the laws of the State of New York and the federal laws of the United States insofar as they bear on the matters covered hereby. As to all matters of Florida law, we have relied, with your consent, upon the opinion of even date herewith rendered to you by Steel Hector & Davis LLP, Miami, Florida. As to all matters of New York law, Steel Hector & Davis LLP is hereby authorized to rely upon this opinion as though it were addressed to it.

Very truly yours,

Thelen Reid & Priest LLP

THELEN REID & PRIEST LLP

Exhibit 23(a)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Florida Power & Light Company on Form S-3 of our report dated February 8, 2002, except for Note 18, as to which the date is March 25, 2002, appearing in the Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 2001 and to the reference to us under the heading "Experts" in the Prospectus, which is incorporated by reference in this Registration Statement.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Miami, Florida
December 6, 2002

EXHIBIT (c) – 1B

PROSPECTUS SUPPLEMENT
(To prospectus dated April 18, 2001)

FPL

Florida Power & Light Company

First Mortgage Bonds,
$400,000,000 4.85% Series due February 1, 2013
$200,000,000 5.85% Series due February 1, 2033

Florida Power & Light Company will pay interest on the securities of each series on February 1 and August 1 of each year, beginning February 1, 2003. Florida Power & Light Company may redeem some or all of the securities of either series at any time before their maturity date at the redemption prices discussed under the caption "Certain Terms of the Offered Bonds—Redemption" beginning on page S-6 of this prospectus supplement.

Florida Power & Light Company does not plan to list the securities of either series on any securities exchange. The securities of both series are secured by the lien of Florida Power & Light Company's mortgage and rank equally with all of Florida Power & Light Company's first mortgage bonds. The lien of the mortgage is discussed under "Description of the Bonds—Security" beginning on page 5 of the accompanying prospectus.

See "Cautionary Statements and Risk Factors that May Affect Future Results" beginning on page S-3 of this prospectus supplement to read about certain factors you should consider before making an investment in these securities.

Florida Power & Light Company's principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone number (561) 694-4000, and its mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Per 4.85% First Mortgage Bond	Total	Per 5.85% First Mortgage Bond	Total
Price to Public	100.000%	$400,000,000	99.769%	$199,538,000
Underwriting Discount	0.650%	$ 2,600,000	0.875%	$ 1,750,000
Proceeds to Florida Power & Light Company (before expenses)	99.350%	$397,400,000	98.894%	$197,788,000

In addition to the Price to Public set forth above, each purchaser will pay an amount equal to the interest accrued, if any, on these securities from the date that these securities are originally issued to the date that they are delivered to that purchaser.

These securities are expected to be delivered to the underwriters in book-entry only form through The Depository Trust Company and its participants, on or about December 13, 2002.

The following underwriters have agreed to purchase these securities on a firm commitment basis.

JPMorgan **Salomon Smith Barney**

Banc of America Securities LLC

Wachovia Securities

Banc One Capital Markets, Inc.

Merrill Lynch & Co.

SunTrust Robinson Humphrey

December 10, 2002

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The accompanying prospectus is part of a registration statement filed with the Securities and Exchange Commission. You should rely only on the information incorporated by reference or provided in this prospectus supplement and in the accompanying prospectus. Florida Power & Light Company ("FPL") has not authorized anyone else to provide you with different information. FPL is not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents, or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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, FPL is hereby filing cautionary statements identifying important factors that could cause FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) made by or on behalf of FPL in this prospectus supplement or in the accompanying prospectus, in presentations, 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," "estimated," "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's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. 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's operations and financial results, and could cause FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

- FPL is subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978 and the Public Utility Holding Company Act of 1935, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission ("FPSC"), and the U.S. Nuclear Regulatory Commission, 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 of 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 is subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, natural resources and health and safety that could, among other things, restrict or limit the use of certain fuels required for the production of electricity. 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 operates in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL will need to adapt to these changes and may face increasing competitive pressure.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines, pipelines, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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's nuclear units face certain risks that are unique to the nuclear industry including additional regulatory actions up to and including shut down of the units stemming from public safety concerns both at FPL's plants, as well as at the plants of other nuclear operators.

- FPL's ability to successfully and timely complete its power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL could be subject to additional costs, termination payments under committed contracts and/or the write off of its investment in the project or improvement.

- FPL uses derivative instruments, such as swaps, options, futures and forwards to manage its commodity and financial market risks, and to a lesser extent, engages in limited trading activities. FPL could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In addition, FPL's use of such instruments could be subject to prudency challenges by the FPSC and if found imprudent, cost disallowance.

- FPL as well as FPL Group, Inc., which owns all of the common stock of FPL, rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, could impact FPL's ability to grow its businesses and would likely increase its interest costs.

- FPL is 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 rates or policies, rates of inflation or accounting standards.

- FPL is 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, 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.

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

- FPL is subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL's businesses in the future.

USE OF PROCEEDS

The information in this section adds to the information in the "Use of Proceeds" section on page 4 of the accompanying prospectus. Please read these two sections together.

The First Mortgage Bonds, 4.85% Series due February 1, 2013, or "4.85% Bonds," and 5.85% Series due February 1, 2033, or "5.85% Bonds," are referred to collectively in this prospectus supplement as the "Offered Bonds." FPL will add the net proceeds from the sale of the Offered Bonds to its general funds and expects to use its general funds, to repay the commercial paper issued to fund the redemption of all $225,000,000 principal amount of FPL's First Mortgage Bonds, 7.30% Series due April 1, 2016, all $124,550,000 principal amount of FPL's First Mortgage Bonds, 7 3/4% Series due February 1, 2023, and all $175,000,000 principal amount of its First Mortgage Bonds, 7 5/8% Series due June 1, 2024. FPL also expects to use its general funds to repay FPL's short-term borrowings and for other corporate purposes. As of December 9, 2002, FPL had an aggregate of $984.3 million of commercial paper outstanding (including the commercial paper issued to fund the redemptions discussed above), which had maturities of up to 65 days and which had annual interest rates ranging from 1.35% to 1.47%. FPL will temporarily invest in short-term instruments any proceeds that are not immediately required for these purposes.

CAPITALIZATION OF FPL

The following table shows FPL's capitalization as of September 30, 2002, and as adjusted. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	Outstanding at September 30, 2002 (Unaudited)	Adjusted(a)	
		Amount	Percent
	(In Millions)		
Common Shareholders' Equity	$ 5,279	$ 5,279	67%
Long-term debt (excluding current maturities)	$ 2,285	$ 2,360	30%
Preferred stock without sinking fund requirements	$ 226	$ 226	3%
Total Capitalization	$ 7,790	$ 7,865	100%

(a) To give effect to (i) the issuance of the 4.85% Bonds and the 5.85% Bonds offered by this prospectus supplement and (ii) the redemption on December 9, 2002 of all $225,000,000 principal amount of FPL's First Mortgage Bonds, 7.30% Series due April 1, 2016, all $124,550,000 principal amount of FPL's First Mortgage Bonds, 7 3/4% Series due February 1, 2023, and all $175,000,000 principal amount of FPL's First Mortgage Bonds, 7 5/8% Series due June 1, 2024. Adjusted amounts do not reflect any possible future issuance and sale from time to time by FPL of additional securities.

RATIO OF EARNINGS TO FIXED CHARGES

The information in this section adds to the information in the "Ratio of Earnings to Fixed Charges" section on page 4 of the accompanying prospectus. Please read these two sections together. For the fiscal year ended December 31, 2001 and for the nine months ended September 30, 2002, FPL's ratio of earnings to fixed charges were 6.44 and 8.28, respectively.

CERTAIN TERMS OF THE OFFERED BONDS

The information in this section adds to the information in the "Description of the Bonds" section beginning on page 4 of the accompanying prospectus. Please read these two sections together.

General. FPL will issue $400,000,000 aggregate principal amount of 4.85% Bonds and $200,000,000 aggregate principal amount of 5.85% Bonds as new series of First Mortgage Bonds under the Mortgage (as defined in the accompanying prospectus). The One Hundred Second Supplemental Indenture, dated as of December 1, 2002, supplements the Mortgage and establishes the specific terms of the Offered Bonds. Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) is the Trustee under the Mortgage ("Trustee").

Interest and Payment. FPL will pay interest semi-annually on the 4.85% Bonds at 4.85% per annum and on the 5.85% Bonds at 5.85% per annum. The 4.85% Bonds will mature on February 1, 2013, and the 5.85% Bonds will mature on February 1, 2033. FPL will pay interest on the Offered Bonds on February 1 and August 1 of each year (each an "Interest Payment Date"). The first Interest Payment Date will be February 1, 2003. The record date for interest payable on any Interest Payment Date on a series of Offered Bonds shall be the close of business (1) on the business day immediately preceding such Interest Payment Date so long as the Offered Bonds of that series remain in book-entry only form, or (2) on the 15th calendar day before each Interest Payment Date if the Offered Bonds of that series do not remain in book-entry only form. See "Book-Entry Only Issuance—The Depository Trust Company."

Interest on the Offered Bonds will accrue from and including the date of original issuance to and excluding the first Interest Payment Date. Starting on the first Interest Payment Date, interest on each Offered Bond will accrue from and including the last Interest Payment Date to which FPL has paid or duly provided for the payment of interest on that Offered Bond. No interest will accrue on an Offered Bond for the day that the Offered Bond matures. The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full semi-annual period for which interest is computed will be computed on the basis of the number of days in the period using 30-day calendar months.

FPL will pay interest on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest on the First Mortgage Bonds of all series at the rate of 6% per annum.

Issuance of Additional Bonds. As of December 31, 2001, FPL could issue under the Mortgage approximately $4.8 billion of additional First Mortgage Bonds based on unfunded Property Additions (as defined in the accompanying prospectus) and $5.0 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

Dividend Restrictions. As of October 31, 2002, no retained earnings were restricted by provisions of the Mortgage described in the accompanying prospectus which restrict the amount of retained earnings that FPL can use to pay cash dividends on its common stock.

Redemption. FPL may redeem any of the Offered Bonds at its option or if and when required by the Mortgage. FPL may redeem any of the Offered Bonds at any time or from time to time, on any date prior to their

maturity (each a "Redemption Date"). FPL will give notice of its intent to redeem Offered Bonds at least 30 days prior to a Redemption Date. If FPL redeems all or any part of the Offered Bonds, it will pay a redemption price ("Redemption Price") equal to the sum of:

(1) 100% of the principal amount of the Offered Bonds being redeemed plus

(2) accrued and unpaid interest thereon, if any, to the Redemption Date plus

(3) any applicable "make-whole premium."

The Redemption Price for the Offered Bonds will never be less than 100% of the principal amount of those Offered Bonds plus accrued and unpaid interest on those Offered Bonds to the Redemption Date.

The amount of the make-whole premium with respect to any Offered Bonds to be redeemed will be equal to the excess, if any, of:

(1) the sum of the present values, calculated as of the Redemption Date, of:

(a) each interest payment that, but for such redemption, would have been payable on the Offered Bonds being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date); and

(b) the principal amount that, but for such redemption, would have been payable at the final maturity of the Offered Bonds being redeemed; over

(2) the principal amount of the Offered Bonds being redeemed.

The present values of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Treasury Yield (as defined below) plus 15 basis points for the 4.85% Bonds and 20 basis points for the 5.85% Bonds.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that J.P. Morgan Securities Inc. or Salomon Smith Barney Inc. will make such calculation if (1) FPL fails to make such appointment at least 30 days prior to the Redemption Date, or (2) the institution so appointed is unwilling or unable to make such calculation. If J.P. Morgan Securities Inc. or Salomon Smith Barney Inc. is to make such calculation but is unwilling or unable to do so, then the Trustee will appoint an independent investment banking institution of national standing to make such calculation. In any case, the institution making such calculation is referred to in this prospectus supplement as an "Independent Investment Banker."

For purposes of determining the make-whole premium, "Treasury Yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Notes that have a constant maturity that corresponds to the remaining term to maturity of the Offered Bonds to be redeemed, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Independent Investment Banker will determine the Treasury Yield as of the third business day immediately preceding the applicable Redemption Date.

The Independent Investment Banker will determine the weekly average yields of United States Treasury Notes by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Notes having a constant maturity that is the same as the Remaining Term, then the Treasury Yield will be equal to such weekly average yield. In all other

cases, the Independent Investment Banker will calculate the Treasury Yield by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Notes that have a constant maturity closest to and greater than the Remaining Term and the United States Treasury Notes that have a constant maturity closest to and less than the Remaining Term (in each case as set forth in the H.15 Statistical Release). The Independent Investment Banker will round any weekly average yields so calculated to the nearest 1/100th of 1%, and will round upward for any figure of 1/200th of 1% or above. If weekly average yields for United States Treasury Notes are not available in the H.15 Statistical Release or otherwise, then the Independent Investment Banker will select comparable rates and calculate the Treasury Yield by reference to those rates.

The Mortgage provides that if FPL at any time elects to redeem only a part of the 4.85% Bonds or 5.85% Bonds, the Trustee will select the particular Offered Bonds of that series to be redeemed by proration among registered holders of that series or, in some cases, by such other method that it deems proper as provided in the Mortgage. However, if the 4.85% Bonds or 5.85% Bonds are solely registered in the name of Cede & Co. and traded through DTC, then DTC will select the Offered Bonds of that series to be redeemed in accordance with its practices as described below in "Book-Entry Only Issuance—The Depository Trust Company."

If at the time notice of redemption is given, the redemption moneys are not on deposit with the Trustee, then the redemption shall be subject to their receipt before the Redemption Date and such notice shall be of no effect unless such moneys are received.

Cash deposited under any provisions of the Mortgage (with certain exceptions) may be applied to the purchase of First Mortgage Bonds of any series.

Book-Entry Only Issuance—The Depository Trust Company. The Offered Bonds will trade through DTC. The Offered Bonds of each series will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee.

DTC is a New York clearing corporation and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934. DTC holds securities for its participants. DTC also facilitates settlement of securities transactions among its participants through electronic computerized book-entry changes in the participants' accounts. This eliminates the need for physical movement of securities certificates. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of participants of DTC, members of other clearing corporations and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Others who maintain a custodial relationship with a participant can use the DTC system. The rules that apply to DTC and those using its systems are on file with the Securities and Exchange Commission.

Purchases of the Offered Bonds within the DTC system must be made through participants, which will receive a credit for the Offered Bonds on DTC's records. The beneficial ownership interest of each purchaser will be recorded on the participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners should receive written confirmations of the transactions, as well as periodic statements of their holdings, from the participants through which they purchased Offered Bonds. Beneficial owners will not receive certificates for their Offered Bonds, except if use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the Offered Bonds with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Offered Bonds. DTC's records reflect only the identity of the participants to whose accounts such Offered Bonds are credited. These participants may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, and by participants to beneficial owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may

be in effect from time to time. Beneficial owners of Offered Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders and defaults.

Redemption notices will be sent to Cede & Co., as registered holder of the Offered Bonds. If less than all of the Offered Bonds of a series are being redeemed, DTC's practice is to determine by lot the amount of Offered Bonds of that series of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Offered Bonds. Under its usual procedures, DTC would mail an omnibus proxy to FPL as soon as possible after the record date. The omnibus proxy assigns the consenting or voting rights of Cede & Co. to those participants to whose accounts the Offered Bonds are credited on the record date. FPL believes that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered holder of the Offered Bonds.

Payments of redemption proceeds, principal of, and interest on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by DTC. DTC's practice is to credit participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on that payment date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices. Payments will be the responsibility of participants and not of DTC, Deutsche Bank Trust Company Americas or FPL. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by DTC) is the responsibility of FPL. Disbursement of payments to participants is the responsibility of DTC, and disbursement of payments to the beneficial owners is the responsibility of participants.

Except as provided in this prospectus supplement, a beneficial owner will not be entitled to receive physical delivery of the Offered Bonds. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Offered Bonds.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depository is obtained, certificates for the Offered Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depositary. Additionally, FPL may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary) with respect to either series. In that event, certificates for the relevant Offered Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that FPL believes to be reliable, but FPL does not take responsibility for the accuracy of this information.

UNDERWRITING

FPL is selling the Offered Bonds to the underwriters named in the table below pursuant to an underwriting agreement dated the date of this prospectus supplement. Subject to certain conditions, FPL has agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase, the principal amount of Offered Bonds of each series set forth opposite that underwriter's name in the table below:

Underwriter	Principal Amount of 4.85% Bonds	Principal Amount of 5.85% Bonds
J.P. Morgan Securities Inc.	$140,000,000	$70,000,000
Salomon Smith Barney Inc.	140,000,000	70,000,000
Banc of America Securities LLC	36,000,000	18,000,000
Wachovia Securities, Inc.	36,000,000	18,000,000
Banc One Capital Markets, Inc.	16,000,000	8,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	16,000,000	8,000,000
SunTrust Capital Markets, Inc.	16,000,000	8,000,000
Total	$400,000,000	$200,000,000

Under the terms and conditions of the underwriting agreement, the underwriters must buy all of the Offered Bonds if they buy any of them. The underwriting agreement provides that the obligations of the underwriters pursuant thereto are subject to certain conditions. In the event of a default by an underwriter, the underwriting agreement provides that, in certain circumstances, the purchase commitment of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated. The underwriters will sell the Offered Bonds to the public when and if the underwriters buy the Offered Bonds from FPL.

FPL will compensate the underwriters by selling the Offered Bonds to them at a price that is less than the price to the public by the amount of the "Underwriting Discount" set forth in the table below. The underwriters will sell Offered Bonds of each series to the public at the respective price to the public set forth on the cover page of this prospectus supplement and may sell Offered Bonds of each series to certain dealers at a price that is less than the price to the public by no more than the amount of the "Initial Dealers' Concession" set forth in the table below. The underwriters and such dealers may sell Offered Bonds of each series to certain other dealers at a price that is less than the price to the public by no more than the amount of the "Reallowed Dealers' Concession" set forth in the table below.

	4.85% Bonds (expressed as a percentage of principal amount)	5.85% Bonds (expressed as a percentage of principal amount)
Underwriting Discount	0.650%	0.875%
Initial Dealers' Concession	0.400%	0.500%
Reallowed Dealers' Concession	0.250%	0.250%

An underwriter may reject offers for the Offered Bonds. After the initial public offering of the Offered Bonds of each series, the underwriters may change the offering price and other selling terms of the Offered Bonds of such series.

There is no established trading market for the Offered Bonds. The underwriters have advised FPL that they intend to make a trading market in the Offered Bonds but are not obligated to do so and may discontinue market-making at any time without notice. FPL cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the Offered Bonds.

In connection with the offering, J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. on behalf of the underwriters may purchase and sell the 4.85% Bonds or 5.85% Bonds, or both, in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment includes syndicate sales of Offered Bonds in excess of the principal amount of Offered Bonds to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the 4.85% Bonds or 5.85% Bonds, or both, in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Offered Bonds made for the purpose of preventing or retarding a decline in the market price of the 4.85% Bonds or 5.85% Bonds, or both, while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim an initial dealers' concession from a syndicate member when J.P. Morgan Securities Inc. or Salomon Smith Barney Inc., in covering syndicate short positions or making stabilizing purchases, repurchases the 4.85% Bonds or 5.85% Bonds originally sold by that syndicate member.

Any of these activities may cause the price of the Offered Bonds to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

FPL estimates that its expenses in connection with the sale of the Offered Bonds, other than underwriting discounts, will be $2,700,000. This estimate includes expenses relating to Florida taxes, printing, rating agency fees, trustees' fees and legal fees, among other expenses.

J.P. Morgan Securities Inc. ("JPMorgan") will make the securities available for distribution on the Internet through a proprietary Web site and/or a third party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between JPMorgan and its customers and is not a party to any transaction. Market Axess Inc., a registered broker-dealer, will receive compensation from JPMorgan based on transactions JPMorgan conducts through the system. JPMorgan will make the securities available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

FPL has agreed to indemnify the underwriters against, or to contribute to payments the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

Certain of the underwriters or their affiliates may engage from time to time in various general financings and banking transactions with FPL and its affiliates.

LEGAL OPINIONS

The information in this section adds to the information in the "Legal Opinions" section on page 10 of the accompanying prospectus. Please read these two sections together.

Steel Hector & Davis LLP, Miami, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Offered Bonds for FPL. Hunton & Williams, New York, New York, will pass upon the legality of the Offered Bonds for any underwriter, dealer or agent. Thelen Reid & Priest LLP may rely as to all matters of Florida law upon the opinion of Steel Hector & Davis LLP. Steel Hector & Davis LLP may rely as to all matters of New York law on the opinion of Thelen Reid & Priest LLP.

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PROSPECTUS

$600,000,000

Florida Power & Light Company

First Mortgage Bonds

Florida Power & Light Company may offer from time to time up to $600,000,000 of its first mortgage bonds.

Florida Power & Light Company will provide specific terms of these securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

Florida Power & Light Company may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section beginning on page 9 of this prospectus also provides more information on this topic.

Florida Power & Light Company's principal executive office is located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone (561) 694-4000, and its mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

April 18, 2001

WHERE YOU CAN FIND MORE INFORMATION

Florida Power & Light Company ("FPL") files annual, quarterly and other reports and other information with the SEC. You can read and copy any information filed by FPL with the Securities and Exchange Commission ("SEC") at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including FPL. FPL also maintains an Internet site (http://www.fpl.com).

INCORPORATION BY REFERENCE

The SEC allows FPL to "incorporate by reference" the information that FPL files with the SEC, which means that FPL may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Information that FPL files in the future with the SEC will automatically update and supersede this information. FPL is incorporating by reference the documents listed below and any future filings FPL makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until FPL sells all of these securities:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2000, as amended by Form 10-K/A filed with the SEC on April 9, 2001; and

(2) FPL's Current Reports on Form 8-K filed with the SEC on March 19, 2001, April 2, 2001 and April 10, 2001.

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Thelen Reid & Priest LLP, 40 West 57th Street, New York, New York, 10019, (212) 603-2000.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL is hereby filing cautionary statements identifying important factors that could cause FPL's actual results to differ materially from those projected in forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995) made by or on behalf of FPL that are made in this prospectus or any supplement to this prospectus, in presentations, 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", "estimated", "projection" or "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any of those statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL.

Any forward-looking statement speaks only as of the date on which that statement is made, and FPL does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of those factors, nor can it assess the impact of each of those factors 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.

Some important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include changes in laws or regulations, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service

Commission, the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 1935, and the Nuclear Regulatory Commission, with respect to:

(1) allowed rates of return, including but not limited to return on common equity and equity ratio limits,

(2) industry and rate structure,

(3) operation of nuclear power facilities,

(4) acquisition, disposal, depreciation and amortization of assets and facilities,

(5) operation and construction of plant facilities,

(6) recovery of fuel and purchased power costs,

(7) decommissioning costs, and

(8) present or prospective wholesale and retail competition, including but not limited to retail wheeling and transmission costs.

The business and profitability of FPL are also influenced by economic and geographic factors including:

(1) political and economic risks,

(2) changes in and compliance with environmental and safety laws and policies,

(3) weather conditions, including natural disasters such as hurricanes,

(4) population growth rates and demographic patterns,

(5) competition for retail and wholesale customers,

(6) availability, pricing and transportation of fuel and other energy commodities,

(7) market demand for energy from plants or facilities,

(8) changes in tax rates or policies or in rates of inflation or in accounting standards,

(9) unanticipated delays or changes in costs for capital projects,

(10) unanticipated changes in operating expenses and capital expenditures,

(11) capital market conditions,

(12) competition for new energy development opportunities, and

(13) legal and administrative proceedings, whether civil, such as environmental, or criminal, and settlements.

All of these factors are difficult to predict, contain uncertainties that may materially affect actual results, and are beyond the control of FPL.

FPL

FPL was incorporated under the laws of Florida in 1925 and is engaged in the generation, transmission, distribution and sale of electric energy. FPL supplies electric service throughout most of the east and lower west coasts of the State of Florida, serving a population of approximately 7 million. During 2000, FPL served approximately 3.8 million customer accounts. FPL Group, Inc. owns all of FPL's common stock.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, FPL will add the net proceeds from the sale of these securities to its general funds. FPL uses its general funds for corporate purposes, including to repay, redeem or purchase outstanding debt and preferred stock, to repay short-term borrowings and to finance the acquisition or construction of additional electric facilities. FPL will temporarily invest any proceeds that it does not need to use immediately in short-term instruments.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows FPL's ratio of earnings to fixed charges for each of its last five fiscal years:

Years Ended December 31,				
2000	1999	1998	1997	1996
6.02	6.26	5.69	4.95	4.58

DESCRIPTION OF THE BONDS

General. FPL will issue these securities, in one or more series, under its Mortgage and Deed of Trust dated as of January 1, 1944, with Bankers Trust Company, as Trustee, which has been amended and supplemented in the past and which will be supplemented again by one or more supplemental indentures relating to these securities. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." These securities are referred to in this prospectus as the "Bonds." All first mortgage bonds issued or to be issued under the Mortgage, including the Bonds, are referred to herein as "First Mortgage Bonds."

This section briefly summarizes some of the provisions of the Mortgage and uses some terms that are not defined in this prospectus but that are defined in the Mortgage. This summary is not complete. The Mortgage is on file with the SEC and is incorporated by reference in this prospectus. You should read the Mortgage for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of Bonds may have different terms. FPL will include all of the following information about a specific series of Bonds in the prospectus supplement relating to those Bonds:

(1) the designation and series of those Bonds,

(2) the aggregate principal amount of those Bonds,

(3) the offering price of those Bonds,

(4) the date(s) on which those Bonds will mature,

(5) the interest rate(s) for those Bonds, or how the interest rate(s) will be determined,

(6) the dates on which FPL will pay the interest on those Bonds,

(7) the denominations in which FPL may issue those Bonds, if other than denominations of $1,000 or multiples of $1,000,

(8) the place where the principal of and interest on those Bonds will be payable, if other than at Bankers Trust Company in New York City,

(9) the currency or currencies in which payment of the principal of and interest on those Bonds may be made, if other than United States dollars,

(10) the terms pursuant to which FPL may redeem any of those Bonds,

(11) whether all or a portion of those Bonds will be in global form, and

(12) any other terms or provisions relating to those Bonds that are not inconsistent with the provisions of the Mortgage.

FPL will issue the Bonds in fully registered form without coupons, unless otherwise stated in a prospectus supplement. A holder of Bonds may exchange those Bonds, without charge, for an equal aggregate principal amount of Bonds of the same series, having the same issue date and with identical terms and provisions, unless otherwise stated in a prospectus supplement. A holder of Bonds may transfer those Bonds without cost to the holder, other than for applicable stamp taxes or other governmental charges, unless otherwise stated in a prospectus supplement. FPL may issue all or some of the Bonds in "book-entry" form, which means that they will be represented by global notes, instead of certificates. If FPL issues global notes representing any Bonds, then a depository selected by FPL will keep a record of the beneficial interests in those global notes and record any transfers of those beneficial interests and the depository, or its custodian, will hold those global notes. Any additional requirements as to the form and method of exchange of Bonds will be described in a prospectus supplement.

Special Provisions for Retirement of Bonds. If, during any 12 month period, any governmental body orders FPL to dispose of mortgaged property, or buys mortgaged property from FPL, and FPL receives $10 million or more from the sale or disposition, then, in most cases, FPL must use that money to redeem First Mortgage Bonds. If this occurs, FPL may redeem First Mortgage Bonds of any series that are redeemable at the redemption prices applicable to those First Mortgage Bonds. If any Bonds are redeemable, the redemption prices applicable to those Bonds will be set forth in a prospectus supplement.

Security. The Mortgage secures the Bonds as well as all other First Mortgage Bonds already issued under the Mortgage and still outstanding. FPL may issue more First Mortgage Bonds in the future and those First Mortgage Bonds will also be secured by the Mortgage. The Mortgage constitutes a first mortgage lien on all of the properties and franchises that FPL owns, except as discussed below.

The lien of the Mortgage is or may be subject to the following:

(1) leases of minor portions of FPL's property to others for uses that do not interfere with FPL's business,

(2) leases of certain property that is not used in FPL's electric business,

(3) Excepted Encumbrances, which include certain tax and real estate liens, and specified rights, easements, restrictions and other obligations, and

(4) vendors' liens, purchase money mortgages and liens on property that already exist at the time FPL acquires that property.

The Mortgage does not create a lien on the following "excepted property":

(1) cash and securities,

(2) certain equipment, materials or supplies and fuel (including nuclear fuel unless it is expressly subjected to the lien of the Mortgage),

(3) automobiles and other vehicles,

(4) receivables, contracts, leases and operating agreements,

(5) materials or products, including electric energy, that FPL generates, produces or purchases for sale or use by FPL, and

(6) timber, minerals, mineral rights and royalties.

The Mortgage will generally also create a lien on property that FPL acquires after the date of this prospectus, other than "excepted property". However, if FPL consolidates or merges with, or sells substantially all of its assets to, another corporation, the lien created by the Mortgage will generally not cover the property of the successor company, other than the property that it acquires from FPL and improvements, replacements and additions to that property.

The Mortgage provides that the Trustee has a lien on the mortgaged property for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. This lien takes priority over the lien securing the Bonds.

Issuance of Additional Bonds. FPL may issue an unlimited amount of First Mortgage Bonds under the Mortgage so long as it meets the issuance tests set forth in the Mortgage, which are generally described below. FPL may issue Bonds from time to time in an amount equal to:

(1) 60% of unfunded Property Additions after adjustments to offset retirements,

(2) the amount of retired First Mortgage Bonds or Qualified Lien Bonds, and

(3) the amount of cash that FPL deposits with the Trustee.

Property Additions generally include the following:

(1) plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems,

(2) nuclear fuel that has been expressly subjected to the lien of the Mortgage,

(3) railroad cars, barges and other transportation equipment (other than trucks) for the transportation of fuel, and

(4) other property, real or personal, and improvements, extensions, additions, renewals or replacements located within the United States of America or its coastal waters.

FPL may use any property of the type described in (1) through (4) above as Property Additions whether or not that property is in operation and prior to obtaining permits or licenses relating to that property. Securities, fuel (including nuclear fuel unless expressly subjected to the lien of the Mortgage), automobiles or other vehicles, or property used principally for the production or gathering of natural gas will not qualify as Property Additions. The Mortgage contains restrictions on the issuance of First Mortgage Bonds based on Property Additions that are subject to other liens and upon the increase of the amount of those liens.

In most cases, FPL may not issue Bonds unless it meets the "net earnings" test set forth in the Mortgage, which requires, generally, that FPL's adjusted net earnings (before income taxes) for 12 consecutive months out of the 15 months preceding the issuance must have been either:

(1) at least twice the annual interest requirements on all First Mortgage Bonds at the time outstanding, including the Bonds that FPL proposes to issue at the time, and all indebtedness of FPL that ranks prior or equal to the First Mortgage Bonds, or

(2) at least 10% of the principal amount of all First Mortgage Bonds at the time outstanding, including the Bonds that FPL proposes to issue at the time, and all indebtedness of FPL that ranks prior or equal to the First Mortgage Bonds.

The Mortgage requires FPL to replace obsolete or worn out property and specifies certain deductions to FPL's adjusted net earnings for property repairs, retirement, additions and maintenance. With certain exceptions, FPL does not need to meet the "net earnings" test to issue Bonds if the issuance is based on retired First Mortgage Bonds or Qualified Lien Bonds.

As of December 31, 2000, FPL could issue under the Mortgage approximately $4.3 billion of additional First Mortgage Bonds based on unfunded Property Additions and $5.0 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

Release and Substitution of Property. FPL may release property from the lien of the Mortgage if it does any of the following in an aggregate amount equal to the fair value of the property to be released:

(1) deposits with the Trustee, cash or, to a limited extent, purchase money mortgages,

(2) uses unfunded Property Additions acquired by FPL in the last five years, or

(3) waives its right to issue First Mortgage Bonds

in each case without satisfying any net earnings requirement.

If FPL deposits cash so that it may release property from the lien of the Mortgage or so that it may issue additional First Mortgage Bonds, it may withdraw that cash if it uses unfunded Property Additions or waives its right to issue First Mortgage Bonds without satisfying any net earnings requirement in an amount equal to the cash that FPL seeks to withdraw.

When property released from the lien of the Mortgage is not Funded Property, then, if FPL acquires new Property Additions within two years:

(1) Property Additions used for the release of that property will not (subject to some exceptions) be considered Funded Property, and

(2) any waiver by FPL of its right to issue First Mortgage Bonds, which is used for the release of that property, will cease to be an effective waiver and FPL will regain the right to issue those First Mortgage Bonds.

The Mortgage contains provisions relating to cash proceeds of property that is not Funded Property that are similar to the provisions relating to release of that property. The Mortgage contains special provisions relating to pledged Qualified Lien Bonds and the disposition of money received on those Qualified Lien Bonds.

FPL does not need a release from the Mortgage in order to use its nuclear fuel even if that nuclear fuel has been expressly subjected to the lien and operation of the Mortgage.

Dividend Restrictions. In some cases, the Mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change depending on factors set out in the Mortgage. Other than this restriction on the payment of common stock dividends, the Mortgage does not restrict FPL's use of retained earnings. As of December 31, 2000, no retained earnings were restricted by these provisions of the Mortgage.

Modification of the Mortgage. Generally the rights of all of the holders of First Mortgage Bonds may be modified with the consent of the holders of 66-2/3% of the principal amount of all of the outstanding First Mortgage Bonds. However, if less than all series of First Mortgage Bonds are affected by a modification, that modification also requires the consent of the holders of 66-2/3% of the principal amount of all of the outstanding First Mortgage Bonds of each series affected.

FPL has reserved the right to amend the Mortgage without the consent of the holders of any series of First Mortgage Bonds created after April 30, 1992 (including the Bonds) to permit modification of the Mortgage generally with the consent of the holders of only a majority of the First Mortgage Bonds affected by the modification.

In most cases, the following modifications will not be effective against any holder of First Mortgage Bonds affected by the modification unless that holder consents:

(1) modification of the terms of payment of principal and interest payable to that holder,

(2) modification creating an equal or prior lien on the mortgaged property or depriving that holder of the benefit of the lien of the Mortgage, and

(3) modification reducing the percentage vote required for modification (except as described above).

Default and Notice Thereof. The following are defaults under the Mortgage:

(1) failure to pay the principal of any First Mortgage Bond,

(2) failure to pay interest on any First Mortgage Bond for 60 days after that interest is due,

(3) failure to pay principal of or interest on any Qualified Lien Bond beyond any applicable grace period for the payment of that principal or interest,

(4) failure to pay any installments of funds for retirement of First Mortgage Bonds for 60 days after that installment is due,

(5) certain events in bankruptcy, insolvency or reorganization, and

(6) the expiration of 90 days following notice by the Trustee or the holders of 15% of the First Mortgage Bonds relating to other covenants of FPL.

Except in the case of failure to pay principal, interest or any installment for retirement of First Mortgage Bonds, the Trustee may withhold notice of default if it believes that withholding the notice is in the interests of the holders of First Mortgage Bonds.

Holders of 25% of the First Mortgage Bonds may declare the principal and the interest due on default. A majority of the holders of First Mortgage Bonds may annul that declaration if the default has been cured. No holder of First Mortgage Bonds may enforce the lien of the Mortgage unless the following things have occurred:

(1) the holder has given the Trustee written notice of a default,

(2) the holders of 25% of the First Mortgage Bonds have requested the Trustee to act and offered it reasonable opportunity to act and indemnity satisfactory to the Trustee for the costs, expenses and liabilities that the Trustee may incur by acting, and

(3) the Trustee has failed to act.

Notwithstanding the foregoing, a holder of First Mortgage Bonds has the right to sue FPL if FPL fails to pay, when due, interest or principal on those First Mortgage Bonds, unless that holder gives up that right.

The Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that the repayment is not reasonably assured. The holders of a majority of the First Mortgage Bonds may direct the time, method, and place of conducting any proceedings for any remedy available to the Trustee, or exercising any of the Trustee's powers.

Satisfaction and Discharge of Mortgage. The Mortgage may be satisfied and discharged if and when FPL provides for the payment of all of the First Mortgage Bonds and all other sums due under the Mortgage.

Evidence to be Furnished to the Trustee. FPL furnishes written statements of FPL's officers, or persons selected or paid by FPL, annually (and when certain events occur) to the Trustee to show that FPL is in compliance with Mortgage provisions and that there are no defaults under the Mortgage. In some cases, these written statements must be provided by an independent accountant, appraiser, engineer or counsel.

Concerning the Trustee. In the regular course of business, FPL may obtain short-term funds from several banks, including Bankers Trust Company.

PLAN OF DISTRIBUTION

FPL may sell the Bonds:

(1) through underwriters or dealers,

(2) through agents, or

(3) directly to one or more purchasers.

Through Underwriters or Dealers. If FPL uses underwriters in the sale of the Bonds, the underwriters will acquire the Bonds for their own account. The underwriters may resell the Bonds in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of the sale. The underwriters may sell the Bonds directly or through underwriting syndicates represented by managing underwriters. Unless otherwise set forth in the prospectus supplement relating to Bonds, the obligations of the underwriters to purchase those Bonds will be subject to certain conditions, and the underwriters will be obligated to purchase all of those Bonds if they purchase any of them. If FPL uses a dealer in the sale, FPL will sell Bonds to the dealer as principal. The dealer may then resell those Bonds at varying prices determined at the time of resale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Through Agents. FPL may designate one or more agents to sell Bonds. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly. FPL may sell Bonds directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallowed to them. A prospectus supplement will also state the proceeds to FPL from the sale of Bonds, any initial public offering price and other terms of the offering of those Bonds.

FPL may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Bonds from FPL at the public offering price and on the terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future.

FPL may have agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from FPL's Annual Report on Form 10-K, as amended, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Legal conclusions and opinions specifically attributed to counsel in the documents incorporated by reference in this prospectus have been reviewed by Steel Hector & Davis LLP, West Palm Beach, Florida, counsel to FPL, and are set forth on the authority of that firm as experts.

LEGAL OPINIONS

Steel Hector & Davis LLP, West Palm Beach, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Bonds for FPL. Pillsbury Winthrop LLP, New York, New York, will pass upon the legality of the Bonds for any underwriter, dealer or agent. Thelen Reid & Priest LLP and Pillsbury Winthrop LLP may rely as to all matters of Florida law upon the opinion of Steel Hector & Davis LLP. Steel Hector & Davis LLP may rely as to all matters of New York law on the opinion of Thelen Reid & Priest LLP.

You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. FPL has not authorized anyone else to provide you with different information. FPL is not making an offer of these Bonds in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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Florida Power & Light Company

First Mortgage Bonds,
$400,000,000 4.85% Series due February 1, 2013
$200,000,000 5.85% Series due February 1, 2033

PROSPECTUS SUPPLEMENT
December 10, 2002

JPMorgan **Salomon Smith Barney**

Banc of America Securities LLC
Wachovia Securities
Banc One Capital Markets, Inc.
Merrill Lynch & Co.
SunTrust Robinson Humphrey

EXHIBIT (c) – 1C

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2002**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY**	59-0247775

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding at April 30, 2002: 176,007,737 shares.

As of April 30, 2002, there were issued and outstanding 1,000 shares of Florida Power & Light Company's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

This combined Form 10-Q represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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) (collectively, the Company) are hereby filing cautionary statements identifying important factors that could cause the Company'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 the Company in this combined Form 10-Q, in presentations, 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, estimated, projection, 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 that could cause the Company's actual results to differ materially from those contained in forward-looking statements made by or on behalf of the Company.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. 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.

Some important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended, and the Public Utility Holding Company Act of 1935, as amended, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission (FPSC) and the U.S. Nuclear Regulatory Commission, with respect to allowed rates of return including but not limited to return on common equity and equity ratio limits, industry and rate structure, operation of nuclear power facilities, acquisition, disposal, depreciation and amortization of assets and facilities, operation and construction of plant facilities, recovery of fuel and purchased power costs, decommissioning costs, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs).

The business and profitability of the Company are also influenced by economic and geographic factors including political and economic risks, changes in and compliance with environmental and safety laws and policies, weather conditions (including natural disasters such as hurricanes), population growth rates and demographic patterns, competition for retail and wholesale customers, availability, pricing and transportation of fuel and other energy commodities, market demand for energy, changes in tax rates or policies or in rates of inflation or in accounting standards, unanticipated delays or changes in costs for capital projects, unanticipated changes in operating expenses and capital expenditures, capital market conditions, competition for new energy development opportunities and legal and administrative proceedings (whether civil, such as environmental, or criminal) and settlements.

All such factors are difficult to predict, contain uncertainties which may materially affect actual results, and are beyond the control of the Company.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2002	2001
OPERATING REVENUES	$ 1,843	$ 1,941
OPERATING EXPENSES		
Fuel, purchased power and interchange	804	951
Other operations and maintenance	346	310
Merger-related	-	31
Depreciation and amortization	264	240
Taxes other than income taxes	173	169
Total operating expenses	1,587	1,701
OPERATING INCOME	256	240
OTHER INCOME (DEDUCTIONS)		
Interest charges	(80)	(85)
Preferred stock dividends – FPL	(4)	(4)
Other - net	13	15
Total other deductions – net	(71)	(74)
INCOME FROM OPERATIONS BEFORE INCOME TAXES	185	166
INCOME TAXES	19	56
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	166	110
CUMULATIVE EFFECT OF ADOPTING FAS 142, "GOODWILL AND OTHER INTANGIBLE ASSETS," NET OF INCOME TAXES OF $143	(222)	-
NET INCOME (LOSS)	$ (56)	$ 110
Earnings per share of common stock (basic and assuming dilution):		
Earnings per share before cumulative effect of adopting FAS 142	$ 0.98	$ 0.65
Cumulative effect of adopting FAS 142	$ (1.31)	$ -
Earnings (loss) per share	$ (0.33)	$ 0.65
Dividends per share of common stock	$ 0.58	$ 0.56
Weighted-average number of common shares outstanding:		
Basic	169.1	168.5
Assuming dilution	169.3	168.7

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in the combined Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (2001 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2002	December 31, 2001
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property, including nuclear fuel and construction work in progress	$ 24,224	$ 23,388
Less accumulated depreciation and amortization	(11,953)	(11,726)
Total property, plant and equipment – net	12,271	11,662
CURRENT ASSETS		
Cash and cash equivalents	117	82
Customer receivables, net of allowances of $7 and $8, respectively	615	636
Materials, supplies and fossil fuel inventory – at average cost	283	349
Deferred clause expenses	239	304
Other	307	231
Total current assets	1,561	1,602
OTHER ASSETS		
Special use funds of FPL	1,645	1,608
Other investments	738	1,035
Other	1,259	1,556
Total other assets	3,642	4,199
TOTAL ASSETS	$ 17,474	$ 17,463
CAPITALIZATION		
Common stock	$ 2	$ 2
Additional paid-in capital	2,750	2,814
Retained earnings	3,053	3,207
Accumulated other comprehensive income (loss)	8	(8)
Total common shareholders' equity	5,813	6,015
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	5,333	4,858
Total capitalization	11,372	11,099
CURRENT LIABILITIES		
Debt due within one year	1,547	2,015
Accounts payable	432	473
Accrued interest, taxes and other	1,424	1,151
Total current liabilities	3,403	3,639
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,262	1,302
Unamortized regulatory and investment tax credits	219	228
Other	1,218	1,195
Total other liabilities and deferred credits	2,699	2,725
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 17,474	$ 17,463

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Three Months Ended March 31,	
	2002	2001
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 690	$ 533
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(269)	(333)
Independent power investments	(257)	(235)
Other – net	(27)	(52)
Net cash used in investing activities	(553)	(620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	573	-
Retirements of long-term debt	-	(66)
Increase (decrease) in short-term debt	(567)	227
Dividends on common stock	(98)	(94)
Issuances of common stock	6	-
Other	(16)	-
Net cash provided by (used in) financing activities	(102)	67
Net increase (decrease) in cash and cash equivalents	35	(20)
Cash and cash equivalents at beginning of period	82	129
Cash and cash equivalents at end of period	$ 117	$ 109
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 23	$ 18
Accrual for premium on Corporate Units	$ 62	$ -

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions)
(unaudited)

	Three Months Ended March 31,	
	2002	2001
OPERATING REVENUES	$ 1,538	$ 1,647
OPERATING EXPENSES		
Fuel, purchased power and interchange	628	763
Other operations and maintenance	273	253
Merger-related	-	26
Depreciation and amortization	236	223
Income taxes	68	62
Taxes other than income taxes	169	164
Total operating expenses	1,374	1,491
OPERATING INCOME	164	156
OTHER INCOME (DEDUCTIONS)		
Interest charges	(42)	(53)
Other – net	-	(2)
Total other deductions – net	(42)	(55)
NET INCOME	122	101
PREFERRED STOCK DIVIDENDS	4	4
NET INCOME AVAILABLE TO FPL GROUP	$ 118	$ 97

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2002	December 31, 2001
ELECTRIC UTILITY PLANT		
Plant in service, including nuclear fuel and construction work in progress	$ 20,023	$ 19,774
Less accumulated depreciation and amortization	(11,680)	(11,480)
Electric utility plant – net	8,343	8,294
CURRENT ASSETS		
Cash and cash equivalents	81	1
Customer receivables, net of allowances of $6 and $7, respectively	516	546
Materials, supplies and fossil fuel inventory – at average cost	236	265
Deferred clause expenses	239	304
Other	95	114
Total current assets	1,167	1,230
OTHER ASSETS		
Special use funds	1,645	1,608
Other	804	792
Total other assets	2,449	2,400
TOTAL ASSETS	$ 11,959	$ 11,924
CAPITALIZATION		
Common shareholder's equity	$ 5,466	$ 5,444
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,479	2,579
Total capitalization	8,171	8,249
CURRENT LIABILITIES		
Debt due within one year	100	232
Accounts payable	362	408
Accrued interest, taxes and other	1,173	975
Total current liabilities	1,635	1,615
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	940	870
Unamortized regulatory and investment tax credits	219	228
Other	994	962
Total other liabilities and deferred credits	2,153	2,060
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 11,959	$ 11,924

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Three Months Ended March 31,	
	2002	2001
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 710	$ 502
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(269)	(333)
Other – net	(29)	(10)
Net cash used in investing activities	(298)	(343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirements of long-term debt	-	(66)
Decrease in commercial paper	(232)	(360)
Dividends	(100)	(87)
Capital contributions from FPL Group	-	300
Net cash used in financing activities	(332)	(213)
Net increase (decrease) in cash and cash equivalents	80	(54)
Cash and cash equivalents at beginning of period	1	66
Cash and cash equivalents at end of period	$ 81	$ 12
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 23	$ 18

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

The accompanying condensed consolidated financial statements should be read in conjunction with the 2001 Form 10-K for FPL Group and FPL. In the opinion of FPL Group and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period may not give a true indication of results for the year.

1. Goodwill and Other Intangible Assets

Effective January 1, 2002, FPL Group adopted Financial Accounting Standards No. (FAS) 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted. Instead, goodwill is assessed for impairment at the date of adoption and at least annually thereafter by applying a fair-value based test. FPL Energy, LLC (FPL Energy) recorded an impairment loss of $365 million ($222 million after-tax) as the cumulative effect of adopting FAS 142, eliminating all goodwill previously included in other assets on FPL Group's financial statements. Estimates of fair value were determined using discounted cash flow models.

The following table provides reported net income (loss) and earnings (loss) per share excluding the impact of adopting FAS 142 and the proforma effect on the prior year period of excluding goodwill amortization expense:

	Three Months Ended March 31,	
	2002	2001
	(millions, except per share amounts)	
Net income (loss)	$ (56)	$ 110
Add back: Cumulative effect of adopting FAS 142, net of income taxes of $143	222	-
Net income excluding cumulative effect	166	110
Add back: Goodwill amortization, net of income taxes of $1	-	2
Adjusted net income	$ 166	$ 112
Earnings (loss) per share (basic and assuming dilution)	$(0.33)	$ 0.65
Add back: Cumulative effect of adopting FAS 142	1.31	-
Earnings per share excluding cumulative effect	0.98	0.65
Add back: Goodwill amortization	-	0.01
Adjusted earnings per share	$ 0.98	$ 0.66

2. Unrealized Gains on Derivative Transactions

Beginning January 1, 2002, FPL Group segregated unrealized mark-to-market gains and losses on derivative transactions into two categories. The first category, referred to as trading and managed hedge activities, represents the net unrealized effect of actively traded positions entered into to take advantage of market price movements and to optimize the value of generation assets and related contracts. The unrealized results of trading and managed hedge activities were $15 million and $0 for the three months ended March 31, 2002 and 2001, respectively, and are reported net in operating revenues. The second category, referred to as non-managed hedges, represents the net unrealized effect of derivative transactions entered into as economic hedges (but which do not qualify for hedge accounting under FAS 133, "Accounting for Derivative Instruments and Hedging Activities") and the ineffective portion of transactions accounted for as cash flow hedges. These transactions have been entered into to lock in a desired future outcome, and any mark-to-market gains or losses during the period prior to realization will continue to be reported outside of operating income in other–net. For the three months ended March 31, 2002 and 2001, unrealized gains (losses) from non-managed hedge activities were $2 million and $(2) million, respectively. Any position that is moved between non-managed hedge activity and trading and managed hedge activity is transferred at its fair value on the date of reclassification.

In December 2001, the Financial Accounting Standards Board released final guidance regarding when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from the provisions of FAS 133, with an effective date beginning April 1, 2002. Management is in the process of evaluating the new guidance and is unable to estimate the effects, if any, on FPL Group's and FPL's financial statements. One possible result of management's evaluation could be that certain of these contracts will have to be recorded on the balance sheet at fair value, with changes in fair value recorded in the income statement each reporting period.

3. Comprehensive Income

Substantially all of the transactions that FPL Group has designated as hedges are cash flow hedges which have expiration dates through December 2005. Approximately $9 million of FPL Group's accumulated other comprehensive income at March 31, 2002 will be reclassified into earnings within the next 12 months as the hedged fuel is consumed. Within other comprehensive income (OCI), approximately $14 million and $1 million represent the effective portion of the net gain on cash flow hedges during the three months ended March 31, 2002 and 2001, respectively.

Comprehensive income (loss) of FPL Group, totaling $(40) million and $123 million for the three months ended March 31, 2002 and 2001, respectively, includes net income (loss), net unrealized gains on cash flow hedges of forecasted fuel purchases ($16 million and $13 million for the three months ended March 31, 2002 and 2001, respectively), as well as changes in unrealized gains and losses on securities. Accumulated other comprehensive income (loss) is separately displayed in the condensed consolidated balance sheets of FPL Group.

4. Regulation

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and hospitals that intervened in the rate case docket but were not party to the settlement agreement filed a joint Notice of Administrative Appeal with the FPSC and the Supreme Court of Florida. Initial briefs must be filed by the appellants by July 5, 2002. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the settlement agreement will be upheld.

Due to the recent settlement agreement with the FPSC, as well as other FPSC actions with regard to accumulated nuclear amortization, FPL will be reclassifying certain regulatory liability amounts that were previously classified within accumulated depreciation to a regulatory liability on FPL's balance sheet effective April 15, 2002. The amounts to be reclassified include $170 million of special depreciation which will be amortized to depreciation expense at up to $125 million per year over the term of the settlement agreement and $99 million of nuclear amortization which will be amortized ratably over the remaining life of the plants at a rate of $7 million per year.

5. Capitalization

In February 2002, FPL Group sold a total of 11.5 million publicly-traded equity units known as Corporate Units, and in connection with that financing, FPL Group Capital Inc (FPL Group Capital) issued $575 million principal amount of 4.75% debentures due February 16, 2007. The interest rate on the debentures is expected to be reset on or after November 16, 2004. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2005, and FPL Group will make payments of 3.75% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 9,271,300 and 10,939,950 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment in certain circumstances). Prior to the issuance of FPL Group's common stock, the purchase contracts will be reflected in FPL Group's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of FPL Group common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts less the number of shares that could be purchased by FPL Group in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, FPL Group anticipates that there will not be a dilutive effect on its earnings per share except during periods when the average market price of its common stock is above $62.02.

In May 2002, FPL called for redemption in June 2002 approximately $225 million of first mortgage bonds maturing in 2003 and 2004 at interest rates of 6 5/8% and 6 7/8%.

6. Commitments and Contingencies

Commitments – FPL has made commitments in connection with a portion of its projected capital expenditures. Capital expenditures for the construction or acquisition of additional facilities and equipment to meet customer demand are estimated to be approximately $4 billion for 2002 through 2004. Included in this three-year forecast are capital expenditures for 2002 of approximately $1.2 billion, of which $269 million had been spent through March 31, 2002. At April 30, 2002, FPL Energy has made commitments in connection with the acquisition, development and expansion of independent power projects totaling approximately $1.6 billion. At April 30, 2002, subsidiaries of FPL Group, other than FPL, have guaranteed approximately $954 million of lease obligations, prompt performance payments, purchase and sale of power and fuel agreement obligations, debt service payments and other payments subject to certain contingencies.

Seabrook Nuclear Generating Station (Seabrook) – In April 2002, FPL Energy reached an agreement to acquire an 88.23% interest, or 1,024 megawatts (mw), in Seabrook located in New Hampshire for $837 million, which is included in Commitments above. The acquisition is expected to close by the end of 2002, pending approvals from federal and state regulatory agencies.

Contracts – FPL Group has a long-term agreement for the supply of gas turbines through 2007 and for parts, repairs and on-site services through 2011. Approximately half of the gas turbines have been placed in service or are assigned to power plants under construction. The remaining gas turbines remain unassigned. In the event that FPL Group is unable to utilize the unassigned gas

turbines, termination payments of up to approximately $134 million as of April 30, 2002 could be required and would be expensed. Progress payments made on these unassigned turbines through April 30, 2002, totaling approximately $128 million, would reduce any required cash payment. See Off-Balance Sheet Financing Arrangements for information related to gas turbines assigned to the SPE that is funding the construction of certain turbines.

In April 2002, FPL Energy entered in a contract for the supply of wind turbines. Delivery of the wind turbines will begin in 2002 and will support a portion of the 1,000 to 2,000 mw of new wind generation planned by the end of 2003. In addition, FPL Energy has entered into various engineering, procurement and construction contracts with expiration dates through 2004 to support its development activities.

All of these contracts are intended to support expansion, and the related commitments as of April 30, 2002 are included in Commitments above.

FPL has entered into long-term purchased power and fuel contracts. Take-or-pay purchased power contracts with the Jacksonville Electric Authority (JEA) and with subsidiaries of The Southern Company (Southern Companies) provide approximately 1,300 mw of power through mid-2010 and 388 mw thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 900 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2002 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts and the Southern Companies' contract is subject to minimum quantities. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. In 2001, FPL entered into agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,300 mw of power with expiration dates ranging from 2003 through 2007. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has medium- to long-term contracts for the transportation and supply of natural gas, coal and oil with various expiration dates through 2022. FPL Energy has long-term contracts for the transportation and supply of natural gas with expiration dates ranging from 2005 through 2017, and a contract for the supply of natural gas that expires in late-2002.

The required capacity and minimum payments under these contracts for the remainder of 2002 (April - December) and for 2003 through 2006 are estimated to be as follows:

	2002	2003	2004	2005	2006
			(millions)		
FPL:					
Capacity payments:					
JEA and Southern Companies	$ 140	$ 190	$ 190	$ 190	$ 200
Qualifying facilities	$ 260	$ 350	$ 360	$ 360	$ 310
Other electricity suppliers	$ 80	$ 105	$ 105	$ 55	$ 40
Minimum payments, at projected prices:					
Southern Companies – energy	$ 40	$ 60	$ 50	$ 60	$ 60
Natural gas, including transportation	$ 585	$ 255	$ 200	$ 200	$ 180
Coal	$ 25	$ 25	$ 15	$ 15	$ 10
Oil	$ 380	$ -	$ -	$ -	$ -
FPL Energy:					
Natural gas transportation	$ 10	$ 15	$ 15	$ 15	$ 15

Charges under these contracts were as follows:

	Three Months Ended March 31,			
	2002 Charges		2001 Charges	
	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel
		(millions)		
FPL:				
JEA and Southern Companies	$ 46[a]	$ 37[b]	$ 51[a]	$ 40[b]
Qualifying facilities	$ 76[c]	$ 32[b]	$ 77[c]	$ 33[b]
Other electricity suppliers	$ 3[c]	$ 2[b]	$ -	$ -
Natural gas, including transportation	$ -	$ 143[b]	$ -	$ 201[b]
Coal	$ -	$ 16[b]	$ -	$ 12[b]
Oil	$ -	$ 53[b]	$ -	$ 98[b]
FPL Energy:				
Natural gas, including transportation and storage	$ -	$ 16	$ -	$ 46

(a) Recovered through base rates and the capacity cost recovery clause (capacity clause).
(b) Recovered through the fuel and purchased power cost recovery clause.
(c) Recovered through the capacity clause.

Off-Balance Sheet Financing Arrangements – In 2000, an FPL Energy subsidiary entered into an operating lease agreement with a special purpose entity (SPE) lessor to lease a 535 mw combined-cycle power generation plant. At the inception of the lease, the lessor obtained the funding commitments required to complete the acquisition, development and construction of the plant

through debt and equity contributions from investors who are not affiliated with FPL Group. At March 31, 2002 and December 31, 2001, the lessor had drawn $318 million and $298 million, respectively, on a $425 million total commitment. Construction is expected to be completed in the third quarter of 2002. The FPL Energy subsidiary is acting as the lessor's agent to construct the plant and, upon completion, will lease the plant for a term of five years. Generally, if the FPL Energy subsidiary defaults during the construction period on its obligations under the agreement, a residual value guarantee payment equal to 89.9% of lessor capitalized costs incurred to date must be made by the FPL Energy subsidiary. However, under certain limited events of default during the construction period and the post-construction lease term, the FPL Energy subsidiary can be required to purchase the plant for 100% of costs incurred to date. Once construction is complete, the FPL Energy subsidiary is required to make rent payments in amounts intended to cover the lessor's debt service, a stated yield to equity holders and certain other costs; these payments are estimated to be $3 million in 2002, $13 million in each of the years 2003-06 and $10 million thereafter. The FPL Energy subsidiary has the option to purchase the plant for 100% of costs incurred to date at any time during construction or the remaining lease term. If the FPL Energy subsidiary does not elect to purchase the plant at the end of the lease term, a residual value guarantee (equal to 85% of total costs) must be paid and the plant will be sold. Any proceeds received by the lessor in excess of the outstanding debt and equity will be given to the FPL Energy subsidiary. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the lease agreement, which are included in the $954 million of guarantees discussed above. Additionally, at March 31, 2002, FPL Energy has posted cash collateral related to this transaction of $274 million (included in other assets on FPL Group's consolidated balance sheets). The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the plant under construction and the related debt and that total assets, total liabilities and equity of the lessor at March 31, 2002 were $323 million, $312 million and $11 million, respectively.

Also in 2000, another FPL Energy subsidiary entered into an operating lease agreement with an SPE related to the construction of certain turbines and related equipment (equipment). At the inception of the lease, the SPE arranged a total credit facility of $650 million to be funded through debt and equity contributions from investors who are not affiliated with FPL Group. At March 31, 2002 and December 31, 2001, the amounts outstanding under the facility were $11 million and $42 million, respectively. Generally, if the FPL Energy subsidiary defaults during the construction period on its obligations under the agreement, a residual value guarantee payment equal to 89.9% of costs incurred to date must be made by the FPL Energy subsidiary. However, under certain limited events of default, the FPL Energy subsidiary can be required to purchase all equipment then in the facility for 100% of costs incurred to date. At any time during the construction period, FPL Energy may purchase any equipment for 100% of payments made to date by the SPE to the equipment vendors. In such event, if FPL Energy elected not to complete the equipment, termination payments on such equipment would be approximately $30 million at April 30, 2002. Upon completion of each item of equipment, FPL Energy may choose to purchase the equipment, remarket the equipment to another party or continue under the operating lease agreement to lease the equipment for the remainder of the five-year term. The minimum annual lease payments are estimated to be $3 million in each of the years 2004 and 2005 and $2 million in 2006. If FPL Energy chooses to continue the lease, and does not choose to purchase the equipment at the end of the lease term, the FPL Energy subsidiary is subject to a residual value guarantee payment of 84% of the equipment cost. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the agreement, which are included in the $954 million of guarantees discussed above. The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the equipment under construction and the related debt and that total assets, total liabilities and equity of the SPE at March 31, 2002 were $10.60 million, $10.28 million and $0.32 million, respectively.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of the insurance available from private sources and under an industry retrospective payment plan. In accordance with this Act, FPL maintains $200 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system under which it is subject to retrospective assessments of up to $363 million per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $43 million per incident per year.

FPL participates in nuclear insurance mutual companies that provide $2.75 billion of limited insurance coverage for property damage, decontamination and premature decommissioning risks at its nuclear plants. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, FPL could be assessed up to $71 million in retrospective premiums.

In the event of a catastrophic loss at one of FPL's nuclear plants, the amount of insurance available may not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered through rates, would be borne by FPL and could have a material adverse effect on FPL Group's and FPL's financial condition.

FPL self-insures the majority of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. As approved by the FPSC, FPL maintains a funded storm and property insurance reserve, which totaled approximately $241 million at March 31, 2002, for uninsured property storm damage or assessments under the nuclear insurance program. Recovery from customers of any losses in excess of the storm and property insurance reserve will require the approval of the FPSC. FPL's available lines of credit provide additional liquidity in the event of a T&D property loss.

Litigation – In 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Clean Air Act. In May 2001, the EPA amended its complaint. The amended complaint alleges, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining proper permitting, and without complying with performance and technology standards as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case pending resolution of the EPA's motion for consolidation of discovery in several Clean Air Act cases that was filed with a Multi-District Litigation (MDL) panel. In August 2001, the MDL panel denied the motion for consolidation. In September 2001, the EPA moved that the federal district court reopen this case for purposes of discovery. Georgia Power Company has opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals rules on the Tennessee Valley Authority's appeal of an EPA administrative order relating to legal issues that are also central to this case. The federal district court has not yet ruled upon the EPA's motion to reopen.

In 2001, J. W. and Ernestine M. Thomas, Chester and Marie Jenkins, and Ray Norman and Jack Teague, as Co-Personal Representatives on behalf of the Estate of Robert L. Johns, filed suit against FPL Group, FPL, FPL FiberNet, LLC, FPL Group Capital and FPL Investments, Inc. in the Florida circuit court. This action is purportedly on behalf of all property owners in Florida (excluding railroad and public rights of way) whose property is encumbered by easements in favor of defendants, and on whose property defendants have installed or intend to install fiber-optic cable which defendants currently lease, license or convey or intend to lease, license or convey for non-electric transmission or distribution purposes. The lawsuit alleges that FPL's easements do not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs have asserted claims for unlawful detainer, unjust enrichment and constructive trust and seek injunctive relief and compensatory damages. In December 2001, all defendants filed a motion to dismiss the complaint for, among other things, the failure to state a valid cause of action.

In January 2002, Roy Oorbeek and Richard Berman filed suit against FPL Group (as an individual and nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Lewis Hay III, Dennis P. Coyle, Paul J. Evanson and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's Long Term Incentive Plan (LTIP) and its proposed, but unconsummated, merger with Entergy Corporation (Entergy) were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of the payments received by the officers, compensatory damages from the individual defendants and attorneys' fees. The defendants have filed a motion to stay the proceeding for failure to make a demand, as required by the Florida Business Corporation Act, that the board of directors of FPL Group take action with respect to the matters alleged in the complaint. FPL Group's board of directors has established a special committee to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers.

On March 8, 2002, William M. Klein, by Stephen S. Klein under power of attorney, on behalf of himself and all others similarly situated, filed suit against FPL Group (as nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III and Dennis P. Coyle. The lawsuit alleges that the payments made to certain officers under FPL Group's LTIP upon shareholder approval of the proposed merger with Entergy were improper and constituted corporate waste because the merger was not consummated. The suit alleges that the LTIP required consummation of the merger as a condition to the payments. The plaintiff seeks the return to FPL Group of the payments received by the officers; contribution, restitution and/or damages from the individual defendants; and attorneys' fees. The plaintiff had made a demand in January 2002 that the directors of FPL Group take action to obtain the return of the payments to the officers. The plaintiff was promptly notified that this demand was being referred to a special committee of FPL Group's board of directors that was established to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers. The plaintiff filed a motion for summary judgment, while the defendants filed a motion to stay this lawsuit pending the outcome of the special committee's investigation.

In April 2002, Mohamed and Juliet Edoo brought an action on behalf of themselves and their son, Justin Edoo, in the Florida circuit court against American Home Products and several other drug manufacturing and distribution companies, a medical doctor and FPL alleging that their son has suffered toxic neurological effects from mercury poisoning. The principal source of mercury exposure is alleged to be vaccines containing a preservative called thimerosal that were allegedly manufactured and distributed by the drug companies and administered by the doctor; however, the lawsuit also alleges that the son was exposed to mercury as a result of emissions from two FPL power plants located in Broward County, Florida. The complaint includes counts against FPL for alleged negligence in operating the plants such that the son was exposed to mercury emissions, and for the infliction of emotional distress upon the parents as a result of FPL's actions. The damages demanded from FPL are for injuries allegedly suffered by the son as a result of his exposure to the plants' mercury emissions and for the parents' alleged emotional distress, medical expenses, loss of wages, and loss of their son's services and companionship. No amount of damages is specified. FPL has not yet responded to the complaint but expects to do so in the near future.

FPL Group and FPL believe that they have meritorious defenses to the pending litigation discussed above and are vigorously defending the suits except for the Oorbeek and Klein suits, which are being investigated by a special committee of FPL Group's board of directors. Management does not anticipate that the liabilities, if any, arising from the proceedings would have a material adverse effect on the financial statements.

7. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a non-rate regulated energy generating subsidiary. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. FPL Group's segment information is as follows:

	Three Months Ended March 31,							
	2002				2001			
	FPL	FPL Energy	Corporate & Other	Total	FPL	FPL Energy	Corporate & Other	Total
	(millions)							
Operating revenues	$ 1,538	$ 276	$ 29	$ 1,843	$ 1,647	$ 264	$ 30	$ 1,941
Income (loss) before cumulative effect of a change in accounting principle	$ 118	$ 24	$ 24[c]	$ 166	$ 97	$ 18	$ (5)	$ 110
Cumulative effect of adopting FAS 142	$ -	$ (222)[b]	$ -	$ (222)	$ -	$ -	$ -	$ -
Net income (loss)[a]	$ 118	$ (198)	$ 24[c]	$ (56)	$ 97	$ 18	$ (5)	$ 110

	March 31, 2002				December 31, 2001			
	FPL	FPL Energy	Corporate & Other	Total	FPL	FPL Energy	Corporate & Other	Total
	(millions)							
Total assets	$ 11,959	$ 5,015	$ 500	$ 17,474	$ 11,924	$ 4,957	$ 582	$ 17,463

[a] Includes merger-related expenses in 2001 of $19 million after-tax, of which $16 million was recognized by FPL and $3 million by Corporate and Other.
[b] See Note 1.
[c] Includes favorable settlement of litigation with the Internal Revenue Service (IRS) of $30 million.

8. Summarized Financial Information of FPL Group Capital

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for and holds ownership interest in FPL Group's operating subsidiaries other than FPL. FPL Group Capital's debentures are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended March 31,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 305	$ 1,538	$ 1,843	$ -	$ 294	$ 1,647	$ 1,941
Operating expenses	-	(282)	(1,305)	(1,587)	-	(271)	(1,430)	(1,701)
Interest charges	(7)	(38)	(35)	(80)	(7)	(31)	(47)	(85)
Other income (deductions) — net	(55)	24	40	9	114	30	(133)	11
Income (loss) from operations before income taxes	(62)	9	238	185	107	22	37	166
Income tax expense (benefit)	(6)	(40)	65	19	(3)	1	58	56
Income (loss) before cumulative effect of a change in accounting principle	(56)	49	173	166	110	21	(21)	110
Cumulative effect of adopting FAS 142, net of income taxes	-	(222)	-	(222)	-	-	-	-
Net income (loss)	$ (56)	$ (173)	$ 173	$ (56)	$ 110	$ 21	$ (21)	$ 110

[a] Represents FPL and consolidating adjustments.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (concluded)
(unaudited)

Condensed Consolidating Balance Sheets

	March 31, 2002				December 31, 2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
				(millions)				
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 4,192	$ 20,032	$ 24,224	$ -	$ 3,606	$ 19,782	$ 23,388
Less accumulated depreciation and amortization	-	(273)	(11,680)	(11,953)	-	(246)	(11,480)	(11,726)
Total property, plant and equipment – net	-	3,919	8,352	12,271	-	3,360	8,302	11,662
CURRENT ASSETS								
Cash and cash equivalents	6	31	80	117	-	81	1	82
Receivables	3	547	245	795	7	442	331	780
Other	1	118	530	649	-	114	626	740
Total current assets	10	696	855	1,561	7	637	958	1,602
OTHER ASSETS								
Investment in subsidiaries	6,349	-	(6,349)	-	6,485	-	(6,485)	-
Other	93	1,456	2,093	3,642	108	2,066	2,025	4,199
Total other assets	6,442	1,456	(4,256)	3,642	6,593	2,066	(4,460)	4,199
TOTAL ASSETS	$ 6,452	$ 6,071	$ 4,951	$ 17,474	$ 6,600	$ 6,063	$ 4,800	$ 17,463
CAPITALIZATION								
Common shareholders' equity	$ 5,813	$ 883	$ (883)	$ 5,813	$ 6,015	$ 1,040	$ (1,040)	$ 6,015
Preferred stock of FPL without sinking fund requirements	-	-	226	226	-	-	226	226
Long-term debt	-	2,855	2,478	5,333	-	2,279	2,579	4,858
Total capitalization	5,813	3,738	1,821	11,372	6,015	3,319	1,765	11,099
CURRENT LIABILITIES								
Accounts payable and debt due within one year	-	1,517	462	1,979	-	1,847	641	2,488
Other	542	302	580	1,424	484	252	415	1,151
Total current liabilities	542	1,819	1,042	3,403	484	2,099	1,056	3,639
OTHER LIABILITIES AND DEFERRED CREDITS								
Accumulated deferred income taxes and unamortized tax credits	-	387	1,094	1,481	-	513	1,017	1,530
Other	97	127	994	1,218	101	132	962	1,195
Total other liabilities and deferred credits	97	514	2,088	2,699	101	645	1,979	2,725
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 6,452	$ 6,071	$ 4,951	$ 17,474	$ 6,600	$ 6,063	$ 4,800	$ 17,463

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
				(millions)				
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 114	$ (35)	$ 611	$ 690	$ 388	$ (269)	$ 414	$ 533
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures and independent power investments	-	(257)	(269)	(526)	-	(235)	(333)	(568)
Capital contributions to FPL	-	-	-	-	(300)	-	300	-
Other – net	-	4	(31)	(27)	-	(43)	(9)	(52)
Net cash used in investing activities	-	(253)	(300)	(553)	(300)	(278)	(42)	(620)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	573	-	573	-	-	-	-
Retirements of long-term debt	-	-	-	-	-	-	(66)	(66)
Increase (decrease) in short-term debt	-	(335)	(232)	(567)	-	587	(360)	227
Dividends	(98)	-	-	(98)	(94)	-	-	(94)
Issuances of common stock	6	-	-	6	-	-	-	-
Other	(16)	-	-	(16)	-	-	-	-
Net cash provided by (used in) financing activities	(108)	238	(232)	(102)	(94)	587	(426)	67
Net increase (decrease) in cash and cash equivalents	6	(50)	79	35	(6)	40	(54)	(20)
Cash and cash equivalents at beginning of period	-	81	1	82	12	51	66	129
Cash and cash equivalents at end of period	$ 6	$ 31	$ 80	$ 117	$ 6	$ 91	$ 12	$ 109

[a] Represents FPL and consolidating adjustments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) appearing in the 2001 Form 10-K for FPL Group and FPL. The results of operations for an interim period may not give a true indication of results for the year. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

FPL Group's adjusted earnings for the three months ended March 31, 2002 and 2001 exclude several nonrecurring items and the mark-to-market effects on non-managed hedges. The following table provides a reconciliation of net income (loss) to adjusted earnings:

	Three Months Ended March 31,	
	2002	2001
	(millions)	
Net income (loss)	$ (56)	$ 110
Adjustments:		
Cumulative effect of adopting FAS 142 – FPL Energy (see Note 1)	222	-
Favorable IRS settlement included in income taxes – Corporate and Other	(30)	
Net unrealized mark-to-market (gains) losses associated with non-managed hedges – FPL Energy (see Note 2)	(1)	1
Merger related expenses – FPL ($16) and Corporate and Other ($3)	-	19
Adjusted earnings	$ 135	$ 130

FPL Group's adjusted earnings increased despite a slowing economy which has lowered demand and wholesale electricity prices. Both FPL and FPL Energy contributed to this increase. The discussion of results of operations below are based upon adjusted earnings.

FPL Group's effective tax rate was lower for the three months ended March 31, 2002 due to the favorable settlement of a prior year tax issue, increased tax credits for wind projects at FPL Energy and additional dividend deductions on FPL Group's Employee Stock Ownership Plan.

FPL – For the three months ended March 31, 2002, FPL's net income benefited from higher revenues from retail base operations and lower interest charges partially offset by higher other operations and maintenance (O&M) expenses. Revenues from retail base operations increased as a result of a 1.9% increase in customer accounts and a decline in the revenue refund provision, partly offset by a 2.2% reduction in usage per retail customer due to milder weather and weaker economic conditions. Revenues from retail base operations, excluding the impact of the revenue refund provision, decreased to $816 million for the first quarter of 2002 from $824 million for the same period last year. This decline was more than offset by a reduction in the revenue refund provision. For the three months ended March 31, 2002, FPL accrued approximately $19 million relating to refunds to retail customers, compared to $40 million in 2001. At March 31, 2002, FPL has accrued approximately $81 million associated with refunds to retail customers for the twelve-month period ending April 14, 2002. The increase in revenues from retail base operations was more than offset by a decline in clause revenues, primarily fuel-related, due to lower fuel prices. Clause revenues represent a pass-through of costs and do not significantly affect net income.

FPL's O&M expenses increased in the first quarter of 2002 reflecting higher nuclear maintenance and employee benefit costs, rate case-related expenses, as well as an increase in uncollectible accounts and certain environmental costs whereby recovery was limited under the rate agreement that expired on April 14, 2002. Continued cost pressures are expected to increase O&M expenses for 2002 by 5-6% compared to 2001. Interest charges were lower this quarter due to lower interest rates and lower average short-term debt balances as a result of the recovery of previously under recovered fuel costs.

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and hospitals that intervened in the rate case docket but were not party to the settlement agreement filed a joint Notice of Administrative Appeal with the FPSC and the Supreme Court of Florida. Initial briefs must be filed by the appellants by July 5, 2002. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the settlement agreement will be upheld.

FPL Energy – FPL Energy's earnings growth for the three months ended March 31, 2002 benefited from the addition of projects totaling more than 1,000 mw since last year's first quarter. Favorable asset optimization and trading activities also contributed to the earnings growth. These positive effects were somewhat offset by severe drought conditions in the Northeast, which had a negative impact on the performance of the hydro assets in the East region, and increased administrative costs associated with the growth of FPL Energy.

In April 2002, FPL Energy reached an agreement to acquire an 88.23% interest, or 1,024 mw, in Seabrook located in New Hampshire for $837 million. The acquisition is expected to close by the end of 2002, pending approvals from federal and state regulatory agencies. This acquisition plus the 4,500 mw currently under construction and the 1,000 to 2,000 mw of new wind generation planned by the end of 2003 are expected to bring FPL Energy's total portfolio to more than 11,500 mw by the end of 2004.

LIQUIDITY AND CAPITAL RESOURCES

FPL Group and its subsidiaries require funds to support and to grow their businesses. These funds are used for working capital, capital expenditures, investments in or acquisitions of assets and businesses and to pay maturing debt obligations. It is anticipated that these requirements will be satisfied from a combination of internally generated funds and the issuance, from time to time, of debt and equity securities. FPL Group plans to manage the timing and amount of issuances of debt and equity securities so as to maintain, on a long-term basis, a capital structure that will support a strong investment grade credit rating.

FPL Group's commitments at April 30, 2002 were as follows (see Note 6 – Commitments, Seabrook and Off-Balance Sheet Financing Arrangements):

	2002	2003-04	2005-06	Thereafter	Total
			(millions)		
Standby letters of credit:					
FPL	$ 1	$ 8	$ -	$ -	$ 9
FPL Energy	198	38	-	1	237
Corporate and Other	-	4	-	-	4
Guarantees – FPL Energy	374	17	128	194	713
Other commitments:[a]					
FPL [b]	800	2,800	-	-	3,600
FPL Energy	939	616	31	10	1,596
Total	$ 2,312	$ 3,483	$ 159	$ 205	$ 6,159

(a) Other commitments for FPL represent capital expenditures to meet increased electricity usage and customer growth and for FPL Energy represent firm commitments in connection with the development and expansion of independent power projects. FPL Energy expects 2002 capital expenditures, including the $939 of commitments above, to approximate $2.4 billion, of which $317 million had been spent through March 31, 2002.

(b) Excludes minimum payments under purchased power and fuel contracts which are recoverable through various cost recovery clauses. See Note 6 – Contracts.

For financing activity, see Note 5.

FPL Group expects the initial financing for Seabrook to come from short-term borrowings and anticipates accessing the capital markets to payoff this short-term financing. Consistent with its objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating, FPL Group expects to issue in 2002 and 2003 additional common stock or other equity securities in an amount at least sufficient to accommodate the Seabrook acquisition.

MARKET RISK SENSITIVITY

The effect of a hypothetical 40% decrease in the price of natural gas and electricity and a hypothetical 25% decrease in the price of oil would be to change the fair value at March 31, 2002 of commodity-based derivative instruments to a negative $18 million for FPL Group and a negative $3 million for FPL.

The changes in the fair value of FPL Group's derivative instruments for the three months ended March 31, 2002 were as follows:

	Trading & Managed Hedges	Non-Managed Hedges & Hedges in OCI	Total
		(millions)	
Fair value of contracts outstanding at December 31, 2001	$ 1	$ (7)	$ (6)
Contracts realized or settled	(4)	2	(2)
Fair value of new contracts when entered into during the period	12	4	16
Other changes in fair values	13	6	19
Fair value of contracts outstanding at March 31, 2002	$ 22	$ 5	$ 27[a]

(a) Includes the fair value of FPL's derivative instruments of $1 million at March 31, 2002.

The sources of fair value and maturity of derivative instruments at of March 31, 2002 were as follows:

	Maturity				
	2002	2003-04	2005-06	Thereafter	Total
			(millions)		
Sources of Fair Value:					
Prices actively quoted	$ 14	$ (1)	$ -	$ -	$ 13
Prices provided by other external sources	9	1	-	-	10
Prices based on models and other valuation methods	3	-	(1)	2	4
	$ 26	$ -	$ (1)	$ 2	$ 27

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Market Risk Sensitivity.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2001 Form 10-K for FPL Group and FPL.

In the suit filed by Klein, the plaintiff filed a motion for summary judgment while the defendants filed a motion to stay the action.

In April 2002, Mohamed and Juliet Edoo brought an action on behalf of themselves and their son, Justin Edoo, in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida, against American Home Products and several other drug manufacturing and distribution companies, a medical doctor and FPL alleging that their son has suffered toxic neurological effects from mercury poisoning. The principal source of mercury exposure is alleged to be vaccines containing a preservative called thimerosal that were allegedly manufactured and distributed by the drug companies and administered by the doctor; however, the lawsuit also alleges that the son was exposed to mercury as a result of emissions from two FPL power plants located in Broward County, Florida. The complaint includes counts against FPL for alleged negligence in operating the plants such that the son was exposed to mercury emissions, and for the infliction of emotional distress upon the parents as a result of FPL's actions. The damages demanded from FPL are for injuries allegedly suffered by the son as a result of his exposure to the plants' mercury emissions and for the parents' alleged emotional distress, medical expenses, loss of wages, and loss of their son's services and companionship. No amount of damages is specified. FPL has not yet responded to the complaint but expects to do so in the near future.

Item 5. Other Information

(a) Reference is made to Item 1. Business – FPL Operations – Retail Ratemaking in the 2001 Form 10-K for FPL Group and FPL.

For information regarding FPL's recent rate settlement with the FPSC, see Note 4.

(b) Reference is made to Item 1. Business – FPL Operations – System Capability and Load in the 2001 Form 10-K for FPL Group and FPL.

The start of the Sanford Unit No. 4 repowering project is being delayed due to scheduling changes involved in the repowering of Sanford Unit No. 5. As a result, the in-service date for Sanford Unit No. 4, which was originally scheduled for the end of 2002, has changed to mid-2003.

On April 26, 2002, FPL issued a supplemental request for proposals (RFP) for companies to compete to provide approximately 3,300 mw of added generating capacity for FPL customers by mid-2005. The companies must submit their bids by May 24, 2002. In 2001, FPL issued an initial RFP whereby 15 companies and FPL submitted proposals for power plant projects. It was determined that the FPL proposal to build new plants at the existing Manatee and Martin sites was the most cost-effective, subject to approval by the FPSC. FPL has requested that the need determination proceeding with the FPSC be held in abeyance until it analyzes the proposals from the supplemental RFP and determines the most cost-effective options.

(c) Reference is made to Item 1. Business – FPL Operations – Nuclear Operations in the 2001 Form 10-K for FPL Group and FPL.

During a scheduled refueling outage in the first quarter of 2002, FPL conducted a visual inspection of the reactor vessel head penetration nozzles at Turkey Point Unit No. 4. The inspection revealed no problems.

(d) Reference is made to Item 1. Business – FPL Operations – Fuel in the 2001 Form 10-K for FPL Group and FPL.

On April 8, 2002, the governor of Nevada submitted a Notice of Disapproval to Congress regarding President Bush's recommendation to develop Yucca Mountain as a nuclear waste depository. The Yucca Mountain site is the Department of Energy's recommended location to store and dispose of spent nuclear fuel and high-level radioactive waste. Congress can override the disapproval notice through a majority vote of both houses.

(e) Reference is made to Item 1. Business – FPL Energy Operations – FPL Energy in the 2001 Form 10-K for FPL Group and FPL.

For information regarding FPL Energy's planned acquisition of an 88.23% interest in Seabrook, see Note 6 – Seabrook.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description	FPL Group	FPL
12(a)	Computation of Ratio of Earnings to Fixed Charges	x	
12(b)	Computation of Ratios		x

FPL Group and FPL agree to furnish to the Securities and Exchange Commission upon request any instrument with respect to long-term debt that FPL Group and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed with the Securities and Exchange Commission on January 10, 2002 by FPL Group and FPL reporting two events under Item 5. Other Events.

A Current Report on Form 8-K was filed with the Securities and Exchange Commission on January 28, 2002 by FPL Group and FPL reporting three events under Item 5. Other Events.

A Current Report on Form 8-K was filed with the Securities and Exchange Commission on February 22, 2002 by FPL Group and FPL filing two exhibits under Item 5. Other Events.

A Current Report on Form 8-K was filed with the Securities and Exchange Commission on March 15, 2002 by FPL Group and FPL reporting two events under Item 5. Other Events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

FPL GROUP, INC.
FLORIDA POWER & LIGHT COMPANY
(Registrants)

Date: May 13, 2002

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer of FPL Group, Inc.
Vice President, Accounting, Controller and
Chief Accounting Officer of Florida Power & Light Company
(Principal Accounting Officer of the Registrants)

EXHIBIT 12(a)

FPL GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2002 (millions)
Earnings, as defined:	
Income before cumulative effect of a change in accounting principle	$ 166
Income taxes	19
Fixed charges, included in the determination of net income, as below	83
Distributed income of independent power investments	12
Less: Equity in earnings of independent power investments	9
Total earnings, as defined	$ 271
Fixed charges, as defined:	
Interest charges	$ 80
Rental interest factor	2
Fixed charges included in nuclear fuel cost	1
Fixed charges, included in the determination of net income	83
Capitalized interest	18
Total fixed charges, as defined	$ 101
Ratio of earnings to fixed charges	2.68

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Three Months Ended March 31, 2002 (millions)
RATIO OF EARNINGS TO FIXED CHARGES	
Earnings, as defined:	
Net income	$ 122
Income taxes	66
Fixed charges, as below	45
Total earnings, as defined	$ 233
Fixed charges, as defined:	
Interest charges	$ 42
Rental interest factor	2
Fixed charges included in nuclear fuel cost	1
Total fixed charges, as defined	$ 45
Ratio of earnings to fixed charges	5.18
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	
Earnings, as defined:	
Net income	$ 122
Income taxes	66
Fixed charges, as below	45
Total earnings, as defined	$ 233
Fixed charges, as defined:	
Interest charges	$ 42
Rental interest factor	2
Fixed charges included in nuclear fuel cost	1
Total fixed charges, as defined	45
Non-tax deductible preferred stock dividends	4
Ratio of income before income taxes to net income	1.54
Preferred stock dividends before income taxes	6
Combined fixed charges and preferred stock dividends	$ 51
Ratio of earnings to combined fixed charges and preferred stock dividends	4.57

EXHIBIT (c) – 1D

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2002**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding at July 31, 2002: 182,130,062 shares.

As of July 31, 2002, there were issued and outstanding 1,000 shares of Florida Power & Light Company's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

This combined Form 10-Q represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

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) (collectively, the Company) are hereby filing cautionary statements identifying important factors that could cause the Company'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 the Company in this combined Form 10-Q, in presentations, 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, estimated, projection, 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 the Company's actual results to differ materially from those contained in forward-looking statements made by or on behalf of the Company.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. 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.

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, include:

- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (PUHCA), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to allowed rates of return including but not limited to 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 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 relating to air quality, water quality, waste management, natural resources and health and safety that could, among other things, restrict or limit the use of certain fuels required for the production of electricity. 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 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.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines, pipelines, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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's nuclear units face certain risks that are unique to the nuclear industry including additional regulatory actions up to and including shut down of the units stemming from public safety concerns both at FPL's plants and at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility 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.

- FPL Group's and FPL's ability to successfully and timely complete its power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities 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 its investment in the project or improvement.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group and FPL could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform.

- There are other risks associated with FPL Group's nonregulated businesses, particularly FPL Energy. 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 price and supply of fuel, transmission constraints, competition from new sources of generation 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 its 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 is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the domestic power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- 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 to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase their interest costs.

- 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 rates or policies, rates of inflation or accounting standards.

- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by recent national events.

- 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 or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
OPERATING REVENUES	$2,248	$ 2,166	$4,092	$ 4,107
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,089	1,054	1,894	2,005
Other operations and maintenance	335	313	681	623
Merger-related	-	-	-	30
Depreciation and amortization	230	245	494	485
Taxes other than income taxes	185	174	358	344
Total operating expenses	1,839	1,786	3,427	3,487
OPERATING INCOME	409	380	665	620
OTHER INCOME (DEDUCTIONS)				
Interest charges	(79)	(82)	(160)	(167)
Preferred stock dividends – FPL	(4)	(4)	(7)	(7)
Other – net	47	34	60	48
Total other deductions – net	(36)	(52)	(107)	(126)
INCOME FROM OPERATIONS BEFORE INCOME TAXES	373	328	558	494
INCOME TAXES	123	109	142	165
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	250	219	416	329
CUMULATIVE EFFECT OF ADOPTING FAS 142, "GOODWILL AND OTHER INTANGIBLE ASSETS," NET OF INCOME TAXES OF $143	-	-	(222)	-
NET INCOME	$ 250	$ 219	$ 194	$ 329
Earnings per share of common stock (basic and assuming dilution):				
Earnings per share before cumulative effect of adopting FAS 142	$ 1.46	$ 1.30	$ 2.45	$ 1.95
Cumulative effect of adopting FAS 142	$ -	$ -	$ (1.31)	$ -
Earnings per share	$ 1.46	$ 1.30	$ 1.14	$ 1.95
Dividends per share of common stock	$ 0.58	$ 0.56	$ 1.16	$ 1.12
Weighted-average number of common shares outstanding:				
Basic	170.6	168.7	169.9	168.6
Assuming dilution	171.1	168.8	170.2	168.8

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in the combined Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (2001 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	June 30, 2002	December 31, 2001
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property, including nuclear fuel and construction work in progress	$ 24,868	$ 23,388
Less accumulated depreciation and amortization	(11,904)	(11,726)
Total property, plant and equipment – net	12,964	11,662
CURRENT ASSETS		
Cash and cash equivalents	384	82
Customer receivables, net of allowances of $9 and $8, respectively	656	636
Materials, supplies and fossil fuel inventory – at average cost	358	349
Deferred clause expenses	176	304
Other	252	231
Total current assets	1,826	1,602
OTHER ASSETS		
Special use funds of FPL	1,658	1,608
Other investments	718	1,035
Other	986	1,556
Total other assets	3,362	4,199
TOTAL ASSETS	$ 18,152	$ 17,463
CAPITALIZATION		
Common stock	$ 2	$ 2
Additional paid-in capital	3,033	2,814
Retained earnings	3,205	3,207
Accumulated other comprehensive income (loss)	8	(8)
Total common shareholders' equity	6,248	6,015
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	5,697	4,858
Total capitalization	12,171	11,099
CURRENT LIABILITIES		
Debt due within one year	1,129	2,015
Accounts payable	619	473
Accrued interest, taxes and other	1,232	1,151
Total current liabilities	2,980	3,639
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,265	1,302
Unamortized regulatory and investment tax credits	210	228
Other	1,526	1,195
Total other liabilities and deferred credits	3,001	2,725
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 18,152	$ 17,463

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Six Months Ended June 30,	
	2002	2001
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,427	$ 849
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(558)	(595)
Independent power investments	(615)	(899)
Other – net	(11)	(55)
Net cash used in investing activities	(1,184)	(1,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	1,077	493
Retirements of long-term debt	(242)	(66)
Increase (decrease) in short-term debt	(887)	404
Dividends on common stock	(196)	(188)
Issuances of common stock	342	-
Other	(35)	-
Net cash provided by financing activities	59	643
Net increase (decrease) in cash and cash equivalents	302	(57)
Cash and cash equivalents at beginning of period	82	129
Cash and cash equivalents at end of period	$ 384	$ 72
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 35	$ 24
Accrual for premium on publicly-traded equity units known as Corporate Units	$ 111	$ -

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
OPERATING REVENUES	$ 1,921	$ 1,935	$ 3,460	$3,582
OPERATING EXPENSES				
Fuel, purchased power and interchange	886	939	1,513	1,702
Other operations and maintenance	285	256	558	510
Merger-related	-	-	-	26
Depreciation and amortization	202	226	438	449
Income taxes	123	107	192	169
Taxes other than income taxes	173	174	342	337
Total operating expenses	1,669	1,702	3,043	3,193
OPERATING INCOME	252	233	417	389
OTHER INCOME (DEDUCTIONS)				
Interest charges	(43)	(47)	(85)	(100)
Other – net	-	-	(2)	(2)
Total other deductions – net	(43)	(47)	(87)	(102)
NET INCOME	209	186	330	287
PREFERRED STOCK DIVIDENDS	4	4	7	7
NET INCOME AVAILABLE TO FPL GROUP	$ 205	$ 182	$ 323	$ 280

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	June 30, 2002	December 31, 2001
ELECTRIC UTILITY PLANT		
Plant in service, including nuclear fuel and construction work in progress	$ 20,269	$ 19,774
Less accumulated depreciation and amortization	(11,603)	(11,480)
Electric utility plant – net	8,666	8,294
CURRENT ASSETS		
Cash and cash equivalents	4	1
Customer receivables, net of allowances of $8 and $7, respectively	480	546
Materials, supplies and fossil fuel inventory – at average cost	310	265
Deferred clause expenses	176	304
Other	128	114
Total current assets	1,098	1,230
OTHER ASSETS		
Special use funds	1,658	1,608
Other	820	792
Total other assets	2,478	2,400
TOTAL ASSETS	$ 12,242	$ 11,924
CAPITALIZATION		
Common shareholder's equity	$ 5,251	$ 5,444
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,355	2,579
Total capitalization	7,832	8,249
CURRENT LIABILITIES		
Debt due within one year	459	232
Accounts payable	499	408
Accrued interest, taxes and other	1,054	975
Total current liabilities	2,012	1,615
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	940	870
Unamortized regulatory and investment tax credits	210	228
Other	1,248	962
Total other liabilities and deferred credits	2,398	2,060
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 12,242	$ 11,924

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Six Months Ended June 30,	
	2002	2001
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,116	$ 905
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(558)	(595)
Other – net	(33)	(24)
Net cash used in investing activities	(591)	(619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirements of long-term debt	(225)	(66)
Increase (decrease) in commercial paper	227	(368)
Dividends	(524)	(210)
Capital contributions from FPL Group	-	300
Net cash used in financing activities	(522)	(344)
Net increase (decrease) in cash and cash equivalents	3	(58)
Cash and cash equivalents at beginning of period	1	66
Cash and cash equivalents at end of period	$ 4	$ 8
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 35	$ 24

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 2001 Form 10-K for FPL Group and FPL. In the opinion of FPL Group and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period may not give a true indication of results for the year.

1. Goodwill and Other Intangible Assets

Effective January 1, 2002, FPL Group adopted Financial Accounting Standards No. (FAS) 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted. Instead, goodwill is assessed for impairment at the date of adoption and at least annually thereafter by applying a fair-value based test. In January 2002, FPL Energy recorded an impairment loss of $365 million ($222 million after-tax) as the cumulative effect of adopting FAS 142, eliminating all goodwill previously included in other assets on FPL Group's financial statements. Estimates of fair value were determined using discounted cash flow models.

The following table provides reported net income and earnings per share excluding the impact of adopting FAS 142 and the proforma effect on the prior year period of excluding goodwill amortization expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(millions, except per share amounts)			
Net income	$ 250	$ 219	$ 194	$ 329
Add back: Cumulative effect of adopting FAS 142, net of income taxes of $143	-	-	222	-
Net income excluding cumulative effect	250	219	416	329
Add back: Goodwill amortization, net of income taxes of $1 and $2, respectively	-	2	-	3
Adjusted net income	$ 250	$ 221	$ 416	$ 332
Earnings per share (basic and assuming dilution)	$ 1.46	$ 1.30	$ 1.14	$ 1.95
Add back: Cumulative effect of adopting FAS 142	-	-	1.31	-
Earnings per share excluding cumulative effect	1.46	1.30	2.45	1.95
Add back: Goodwill amortization	-	0.01	-	0.02
Adjusted earnings per share	$ 1.46	$ 1.31	$ 2.45	$ 1.97

2. Unrealized Gains on Derivative Transactions

Beginning January 1, 2002, FPL Group segregated unrealized mark-to-market gains and losses on derivative transactions into two categories. The first category, referred to as trading and managed hedge activities, represents the net unrealized effect of actively traded positions entered into to take advantage of market price movements and to optimize the value of generation assets and related contracts. The unrealized gains (losses) from trading and managed hedge activities were $(6) million and $0 for the three months ended June 30, 2002 and 2001, respectively, and $8 million and $0 for the six months ended June 30, 2002 and 2001, respectively, and are reported net in operating revenues. The second category, referred to as non-managed hedges, represents the net unrealized effect of derivative transactions entered into as economic hedges (but which do not qualify for hedge accounting under FAS 133, "Accounting for Derivative Instruments and Hedging Activities") and the ineffective portion of transactions accounted for as cash flow hedges. These transactions have been entered into to lock in a desired future outcome, and any mark-to-market gains or losses during the period prior to realization will continue to be reported outside of operating income in other–net. Unrealized gains from non-managed hedge activities were $2 million and $9 million for the three months ended June 30, 2002 and 2001, respectively, and $3 million and $7 million for the six months ended June 30, 2002 and 2001, respectively. Any position that is moved between non-managed hedge activity and trading and managed hedge activity is transferred at its fair value on the date of reclassification.

3. Comprehensive Income

Substantially all of the transactions that FPL Group has designated as hedges are cash flow hedges which have expiration dates through June 2021. Approximately $7 million of FPL Group's accumulated other comprehensive income at June 30, 2002 will be reclassified into earnings within the next 12 months as the hedged fuel is consumed or as electricity is sold. Within other comprehensive income (OCI), approximately $1 million and $8 million represent the effective portion of the net gain on cash flow hedges during the three months ended June 30, 2002 and 2001, respectively. The corresponding amounts for the six months ended June 30, 2002 and 2001 are approximately $15 million and $6 million, respectively.

Comprehensive income of FPL Group, totaling $250 million and $211 million for the three months ended June 30, 2002 and 2001, respectively, and $210 million and $333 million for the six months ended June 30, 2002 and 2001, respectively, includes net income, net unrealized gains (losses) on cash flow hedges of $(1) and $(8) million for the three months ended June 30, 2002 and 2001, respectively, and $15 million and $5 million for the six months ended June 30, 2002 and 2001, respectively, as well as changes in unrealized gains and losses on available for sale securities. Accumulated other comprehensive income (loss) is separately displayed in the condensed consolidated balance sheets of FPL Group.

4. Regulation

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and certain hospitals filed a joint Notice of Administrative Appeal with the FPSC and the Supreme Court of Florida. Initial briefs were filed by the appellants on July 3, 2002. The answer briefs of the appellees are due on August 30, 2002. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the settlement agreement will be upheld.

Due to the recent settlement agreement with the FPSC, as well as other FPSC actions with regard to accumulated nuclear amortization, FPL reclassified certain amounts that were previously classified within accumulated depreciation to a regulatory liability, which is included in other liabilities, on FPL's balance sheet effective April 15, 2002. The amounts reclassified include $170 million of special depreciation which will be amortized to depreciation expense at up to $125 million per year over the term of the settlement agreement, which extends through December 31, 2005, and $99 million of nuclear amortization which will be amortized ratably over the remaining life of the plants based on the term of the existing operating licenses of the plants at a rate of $7 million per year.

On July 31, 2002, the FERC released a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would require all entities that own, control or operate transmission facilities to hire an independent transmission provider, which can be a regional transmission organization (RTO) such as GridFlorida LLC (GridFlorida). FPL is evaluating the proposed rule and will file comments by October 15, 2002. The FERC has indicated that a final order on the proposed rule will be issued in February 2003.

In March 2002, FPL filed a modified RTO proposal with the FPSC changing the structure of the RTO from a for-profit transmission company to a non-profit independent system operator. On August 8, 2002, the FPSC staff recommended approval of many of the aspects of the modified RTO proposal and allowing recovery of GridFlorida's incremental costs through the capacity cost recovery clause (capacity clause). In addition, the staff proposed that the FPSC not rule on market design issues now, but instead conduct an expedited hearing on these issues.

5. Capitalization

In February 2002, FPL Group sold a total of 11.5 million publicly-traded equity units known as Corporate Units, and in connection with that financing, FPL Group Capital Inc (FPL Group Capital) issued $575 million principal amount of 4.75% debentures due February 16, 2007. The interest rate on the debentures is expected to be reset on or after November 16, 2004. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2005, and FPL Group will make payments of 3.75% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 9,271,300 and 10,939,950 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment in certain circumstances).

In June 2002, FPL Group sold concurrently a total of 5.75 million shares of common stock and 10.12 million Corporate Units. In connection with that financing, FPL Group Capital issued $506 million principal amount of 5% debentures due February 16, 2008. The interest rate on the debentures is expected to be reset on or after August 16, 2005. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group will make payments of 3% of the unit's $50 stated value until

the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 7,450,344 and 8,940,008 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment in certain circumstances).

Prior to the issuance of FPL Group's common stock, the purchase contracts will be reflected in FPL Group's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of FPL Group common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts less the number of shares that could be purchased by FPL Group in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, FPL Group anticipates that there will not be a dilutive effect on its earnings per share except during periods when the average market price of its common stock is above $62.02 for the February 2002 Corporate Units and $67.92 for the June 2002 Corporate Units.

In June 2002, FPL redeemed approximately $225 million of first mortgage bonds scheduled to mature in 2003 and 2004 and having interest rates of 6 5/8% and 6 7/8%.

In May 2002, FPL Group Capital entered into a $50 million variable-rate term-loan, which will mature in December 2002. The proceeds are being used for general corporate purposes.

In August 2002, FPL Group Capital entered into a $100 million variable-rate term-loan, which will mature in August 2004. The proceeds will be used for general corporate purposes.

6. Commitments and Contingencies

Commitments – FPL has made commitments in connection with a portion of its projected capital expenditures. Capital expenditures for the construction or acquisition of additional facilities and equipment to meet customer demand for the remainder of 2002 through 2005 are estimated to be as follows:

	2002	2003	2004	2005	Total
			(millions)		
Generation	$ 400	$ 470	$ 460	$ 180	$ 1,510
Transmission	50	210	300	200	760
Distribution	250	560	560	550	1,920
General and other	120	190	230	250	790
Total	$ 820	$ 1,430	$ 1,550	$ 1,180	$ 4,980

As of June 30, 2002, FPL Energy had $2.0 billion in firm commitments for a portion of its capital expenditures and minimum lease payments associated with the off-balance sheet financing arrangements discussed below. FPL Energy's capital expenditures for the acquisition, development and expansion of independent power projects through 2005 are expected to range between $3.4 billion to $4.4 billion. This includes approximately $1.6 billion to complete the buildout of FPL Energy's announced fossil-fueled projects, $837 million for the acquisition of an 88.23% interest in the Seabrook Nuclear Generating Station (Seabrook) and $1 billion to $2 billion to expand the wind portfolio by 1,000 megawatts (mw) to 2,000 mw through 2003. Included in this four-year forecast are capital expenditures for 2002 of approximately $2.4 billion, of which $615 million has been spent through June 30, 2002. See Seabrook and Contracts for further discussion.

At June 30, 2002, subsidiaries of FPL Group, other than FPL, have guaranteed approximately $1.9 billion of lease obligations, prompt performance payments, purchase and sale of power and fuel agreement obligations, debt service payments and other payments subject to certain contingencies. FPL Group has guaranteed certain payment obligations of FPL Group Capital, including those under FPL Group Capital's debt and commercial paper issuances, as well as guarantees discussed above.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement (PPA) that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

Seabrook – In April 2002, FPL Energy reached an agreement to acquire an 88.23% interest, or 1,024 mw, in Seabrook located in New Hampshire for $837 million, which is included in Commitments above. The acquisition is expected to close by the end of 2002, pending approvals from federal and state regulatory agencies.

Contracts – FPL Group has a long-term agreement for the supply of gas turbines through 2007 and for parts, repairs and on-site services through 2011. Approximately half of the gas turbines have been placed in service or are assigned to power plants under construction. The remaining gas turbines remain unassigned. In the event that FPL Group is unable to utilize the unassigned gas turbines, termination payments of up to approximately $135 million as of June 30, 2002 could be required and would be expensed.

Progress payments made on these unassigned turbines through June 30, 2002, totaling approximately $148 million, would be applied to any required cash payment. See Off-Balance Sheet Financing Arrangements for information related to gas turbines assigned to the special purpose entity (SPE) that is funding the construction of certain turbines.

During 2002, FPL Energy has entered into several contracts for the supply of wind turbines and towers to support a portion of the new wind generation planned by the end of 2003. In addition, FPL Energy has entered into various engineering, procurement and construction contracts with expiration dates through 2004 to support its development activities.

All of these contracts are intended to support expansion, and the related commitments as of June 30, 2002 are included in Commitments above.

FPL has entered into long-term purchased power and fuel contracts. FPL is obligated under take-or-pay purchased power contracts with the Jacksonville Electric Authority (JEA) and with subsidiaries of The Southern Company (Southern Companies) to pay for approximately 1,300 mw of power through mid-2010 and 388 mw thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 900 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2005 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts and the Southern Companies' contract is subject to minimum quantities. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. In 2001, FPL entered into agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,300 mw of power with expiration dates ranging from 2003 through 2007. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has medium- to long-term contracts for the transportation and supply of natural gas, coal and oil with various expiration dates through 2022. FPL Energy has long-term contracts for the transportation, supply and storage of natural gas with expiration dates ranging from 2005 through 2017, and a contract for the supply of natural gas that expires in late-2002.

The remaining required capacity and minimum payments under these contracts as of June 30, 2002 are estimated to be as follows:

	2002	2003	2004	2005	2006	Thereafter
			(millions)			
FPL:						
Capacity payments:						
JEA and Southern Companies	$ 93	$ 190	$ 190	$ 190	$ 200	$ 1,300
Qualifying facilities	$ 169	$ 350	$ 360	$ 350	$ 300	$ 4,700
Other electricity suppliers	$ 55	$ 105	$ 105	$ 55	$ 40	$ 5
Minimum payments, at projected prices:						
Southern Companies – energy	$ 30	$ 60	$ 50	$ 60	$ 60	$ 200
Natural gas, including transportation	$ 520	$ 475	$ 200	$ 200	$ 180	$ 2,107
Coal	$ 20	$ 25	$ 15	$ 15	$ 10	$ 10
Oil	$ 250	$ -	$ -	$ -	$ -	$ -
FPL Energy:						
Natural gas transportation and storage	$ 10	$ 20	$ 20	$ 15	$ 15	$ 175

Charges under these contracts were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2002		2001		2002		2001	
	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel
				(millions)				
FPL:								
JEA and Southern Companies	$ 50[a]	$ 42[b]	$ 50[a]	$ 44[b]	$ 96[a]	$ 79[b]	$ 101[a]	$ 84[b]
Qualifying facilities	$ 79[c]	$ 29[b]	$ 79[c]	$ 35[b]	$ 155[c]	$ 60[b]	$ 156[c]	$ 69[b]
Other electricity suppliers	$ 22[c]	$ 7[b]	$ 3[c]	$ 2[b]	$ 25[c]	$ 9[b]	$ 3[c]	$ 2[b]
Natural gas, including transportation	$ -	$ 225[b]	$ -	$ 215[b]	$ -	$ 368[b]	$ -	$ 416[b]
Coal	$ -	$ 15[b]	$ -	$ 12[b]	$ -	$ 29[b]	$ -	$ 24[b]
Oil	$ -	$ 112[b]	$ -	$ 91[b]	$ -	$ 165[b]	$ -	$ 189[b]
FPL Energy:								
Natural gas transportation and storage	$ -	$ 4	$ -	$ 4	$ -	$ 9	$ -	$ 8

(a) Recovered through base rates and the capacity clause.
(b) Recovered through the fuel and purchased power cost recovery clause.
(c) Recovered through the capacity clause.

Off-Balance Sheet Financing Arrangements – In 2000, an FPL Energy subsidiary entered into an operating lease agreement with a SPE lessor to lease a 535 mw combined-cycle power generation plant. At the inception of the lease, the lessor obtained the funding commitments required to complete the acquisition, development and construction of the plant through debt and equity contributions from investors who are not affiliated with FPL Group. At June 30, 2002 and December 31, 2001, the lessor had drawn $336 million and $298 million, respectively, on a $425 million total commitment. Construction is expected to be completed by the end of 2002. The FPL Energy subsidiary is acting as the lessor's agent to construct the plant and, upon completion, will lease the plant for a term of five years. Generally, if the FPL Energy subsidiary defaults during the construction period on its obligations under the agreement, a residual value guarantee payment equal to 89.9% of lessor capitalized costs incurred to date must be made by the FPL Energy subsidiary. However, under certain limited events of default during the construction period and the post-construction lease term, the FPL Energy subsidiary can be required to purchase the plant for 100% of costs incurred to date. Once construction is complete, the FPL Energy subsidiary is required to make rent payments in amounts intended to cover the lessor's debt service, a stated yield to equity holders and certain other costs. The minimum annual lease payments are estimated to be $0 in 2002, $21 million in 2003, $22 million in 2004, $24 million in 2005, $18 million in 2006 and $209 million thereafter. The FPL Energy subsidiary has the option to purchase the plant for 100% of costs incurred to date at any time during construction or the remaining lease term. If the FPL Energy subsidiary does not elect to purchase the plant at the end of the lease term, a residual value guarantee (included in the minimum lease payments above) must be paid and the plant will be sold. Any proceeds received by the lessor in excess of the outstanding debt and equity will be given to the FPL Energy subsidiary. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the lease agreement, which are included in the $1.9 billion of guarantees discussed above. The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the plant under construction and the related debt and that total assets, total liabilities and equity of the lessor at June 30, 2002 were $336 million, $320 million and $16 million, respectively. In June 2002, the cash collateral requirement related to this transaction was removed as a result of the lessor's syndication of its debt.

Also in 2000, another FPL Energy subsidiary entered into an operating lease agreement with an SPE related to the construction of certain turbines and related equipment (equipment). At the inception of the lease, the SPE arranged a total credit facility of $650 million to be funded through debt and equity contributions from investors who are not affiliated with FPL Group. At June 30, 2002 and December 31, 2001, the amounts outstanding under the facility were $5 million and $42 million, respectively. Generally, if the FPL Energy subsidiary defaults during the construction period on its obligations under the agreement, a residual value guarantee payment equal to 89.9% of costs incurred to date must be made by the FPL Energy subsidiary. However, under certain limited events of default, the FPL Energy subsidiary can be required to purchase all equipment then in the facility for 100% of costs incurred to date. At any time during the construction period, FPL Energy may purchase any equipment for 100% of payments made to date by the SPE to the equipment vendors plus accrued interest and any applicable fees. In such event, if FPL Energy elected not to complete the construction of the equipment, termination payments on such equipment would be approximately $32 million at June 30, 2002. Upon completion of each item of equipment, FPL Energy may choose to purchase the equipment, remarket the equipment to another party or continue under the operating lease agreement to lease the equipment for the remainder of the five-year term. The minimum annual lease payments are estimated to be $0 in 2002 and 2003, $3 million in each of the years 2004 and 2005 and $2 million in 2006. If FPL Energy chooses to continue the lease, and does not choose to purchase the equipment at the end of the lease term, the FPL Energy subsidiary is subject to a residual value guarantee payment of 84% of the equipment cost. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the agreement, which are included in the $1.9 billion of guarantees discussed above. The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the equipment under construction and the related debt and that total assets, total liabilities and equity of the SPE at June 30, 2002 were $5.27 million, $3.60 million and $1.67 million, respectively.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of the insurance available from private sources and under an industry retrospective payment plan. In accordance with this Act, FPL maintains $200 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system under which it is subject to retrospective assessments of up to $363 million per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $43 million per incident per year. The Price-Anderson Act expired on August 1, 2002 and a number of proposals for renewal are currently being considered by Congress. Whether or not the Act is renewed, FPL will not be impacted by the expiration, as this expiration does not affect plants with operating licenses issued by the NRC prior to August 1, 2002.

FPL participates in nuclear insurance mutual companies that provide $2.75 billion of limited insurance coverage for property damage, decontamination and premature decommissioning risks at its nuclear plants. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, FPL could be assessed up to $71 million in retrospective premiums.

In the event of a catastrophic loss at one of FPL's nuclear plants, the amount of insurance available may not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered through rates, would be borne by FPL and could have a material adverse effect on FPL Group's and FPL's financial condition.

FPL self-insures the majority of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. As approved by the FPSC, FPL maintains a funded storm and property insurance reserve, which totaled approximately $248 million at June 30, 2002, for uninsured property storm damage or assessments under the nuclear insurance program. Recovery from customers of any losses in excess of the storm and property insurance reserve will require the approval of the FPSC. FPL's available lines of credit provide additional liquidity in the event of a T&D property loss.

Litigation – In 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Clean Air Act. In May 2001, the EPA amended its complaint. The amended complaint alleges, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining proper permitting, and without complying with performance and technology standards as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case pending resolution of the EPA's motion for consolidation of discovery in several Clean Air Act cases that was filed with a Multi-District Litigation (MDL) panel. In August 2001, the MDL panel denied the motion for consolidation. In September 2001, the EPA moved that the federal district court reopen this case for purposes of discovery. Georgia Power Company has opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals rules on the Tennessee Valley Authority's appeal of an EPA administrative order relating to legal issues that are also central to this case. The federal district court has not yet ruled upon the EPA's motion to reopen.

In 2001, J. W. and Ernestine M. Thomas, Chester and Marie Jenkins, and Ray Norman and Jack Teague, as Co-Personal Representatives on behalf of the Estate of Robert L. Johns, filed suit against FPL Group, FPL, FPL FiberNet, LLC (FPL FiberNet), FPL Group Capital and FPL Investments, Inc. in the Florida circuit court. This action is purportedly on behalf of all property owners in Florida (excluding railroad and public rights of way) whose property is encumbered by easements in favor of defendants, and on whose property defendants have installed or intend to install fiber-optic cable which defendants currently lease, license or convey or intend to lease, license or convey for non-electric transmission or distribution purposes. The lawsuit alleges that FPL's easements do not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs have asserted claims for unlawful detainer, unjust enrichment and constructive trust and seek injunctive relief and compensatory damages. In July 2002, defendants' motion to dismiss the complaint for, among other things, the failure to state a valid cause of action was denied.

In January 2002, Roy Oorbeek and Richard Berman filed suit against FPL Group (as an individual and nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Lewis Hay III, Dennis P. Coyle, Paul J. Evanson and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's Long Term Incentive Plan (LTIP) and its proposed, but unconsummated, merger with Entergy Corporation (Entergy) were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of the payments received by the officers, compensatory damages from the individual defendants and attorneys' fees. The defendants filed a motion to stay the proceeding for failure to make a demand, as required by the Florida Business Corporation Act, that the board of directors of FPL Group take action with respect to the matters alleged in the complaint. The plaintiffs filed a motion for summary judgment. FPL Group's board of directors has established a special committee to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers and has expanded that investigation to include the allegations in the Oorbeek and Berman complaint. In June 2002, the court entered an order denying plaintiffs' motion for summary judgment, granting defendants' motion to stay the action, and ordering the special committee to submit its report by August 30, 2002 and to notify the court on or before September 20, 2002 "regarding any contemplated action in the instant matters, namely whether the corporation has been advised to move the court to dismiss the derivative proceedings...and/or take any other action in these cases."

In March 2002, William M. Klein, by Stephen S. Klein under power of attorney, on behalf of himself and all others similarly situated, filed suit against FPL Group (as nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III and Dennis P. Coyle. The lawsuit alleges that the payments made to certain officers under FPL Group's LTIP upon shareholder approval of the proposed merger with Entergy were improper and constituted corporate waste because the merger was not consummated. The suit alleges that the LTIP required consummation of the merger as a condition to the payments. The plaintiff seeks the return to FPL Group of the payments received by the officers; contribution, restitution and/or damages from the individual defendants; and attorneys' fees. The plaintiff had made a demand in January 2002 that the directors of FPL Group take action to obtain the return of the payments to the officers. The plaintiff was promptly notified that this demand was being referred to a special committee of FPL Group's board of directors that was established to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers. The plaintiff filed a motion for summary judgment, while the defendants filed a motion to stay this lawsuit pending the outcome of the special committee's investigation. In June 2002, the court entered an order denying plaintiff's motion for summary judgment, granting defendants' motion to stay the action, and ordering the special committee to submit its report by August 30, 2002 and to notify the court on or before September 20, 2002 "regarding any contemplated action in the instant matters, namely whether the corporation has been advised to move the court to dismiss the derivative proceedings...and/or take any other action in these cases."

FPL Group and FPL believe that they have meritorious defenses to the pending litigation discussed above and are vigorously defending the suits except for the Oorbeek and Klein suits, which are being investigated by a special committee of FPL Group's board of directors. Management does not anticipate that the liabilities, if any, arising from the proceedings would have a material adverse effect on the financial statements.

In addition to those legal proceedings discussed herein, FPL Group and its subsidiaries are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution individually or collectively will have a material adverse effect on the financial statements.

Other Contingencies – In connection with the redemption in 1999 of its one-third ownership interest in Olympus Communications, L.P. (Olympus), an indirect subsidiary of FPL Group has a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia Communications Corp. (Adelphia). In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11). The note receivable plus accrued interest totaled approximately $127 million at June 30, 2002 and is included in other assets on FPL Group's consolidated balance sheets. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the Securities and Exchange Commission (SEC), and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. It has been reported that the SEC is investigating Adelphia's accounting and disclosure practices relating to off-balance sheet loans. Pursuant to a bankruptcy court order, Olympus is required to file with the court updated financial information by September 23, 2002. FPL Group is monitoring these developments and is currently unable to assess the collectibility of the note or the value of the collateral.

FPL Energy owns a 50% interest in two wind projects that are qualifying facilities under the PURPA and sell 100% of their output to Southern California Edison (SCE). The projects' qualifying facility status is based on an application filed by FPL Energy's partner in the projects. FERC regulations preclude more than 50% of the equity in qualifying facilities to be owned directly or indirectly by utilities or utility holding companies. However, the ownership restriction does not apply to utility holding companies that are exempt from PUHCA under section 3(a)(3) or 3(a)(5). FPL Energy and its partner both are utility holding companies, but its partner currently has exemptions from PUHCA under both section 3(a)(3) and 3(a)(5). Thus, FPL Energy and its partner currently satisfy the 50% ownership test of PURPA. SCE has filed a motion with the SEC requesting that the SEC revoke the PUHCA exemptions currently held by FPL Energy's partner both prospectively, as well as retroactively, on the basis that the PUHCA exemption applications filed by FPL Energy's partner were not filed in good faith. If the exemptions were to be revoked and FPL Energy or its partner did not take appropriate remedial steps, the projects could lose their qualifying facility status, and SCE could seek to terminate the long-term power sales agreements with the partnerships. If the long-term power sales agreements were terminated, the projects would have to sell their output into the marketplace. FPL Energy's investment in these two wind projects totaled approximately $33 million at June 30, 2002.

Subsidiaries of FPL Group, other than FPL, have investments in several leveraged leases, two of which are with MCI Telecommunications Corporation (MCI). In July 2002, MCI filed for bankruptcy protection under Chapter 11. At June 30, 2002, FPL Group's investment in the leveraged leases with MCI totaled approximately $63 million and the related accumulated deferred income taxes totaled approximately $34 million. FPL Group is evaluating what effect, if any, the MCI bankruptcy proceeding will have on its investment in the leveraged leases.

At June 30, 2002, FPL Energy had approximately $75 million of capitalized development costs associated with sites located throughout the United States. Although the direction of the wholesale energy market is uncertain, management believes that the recent decline is temporary and that the market will turn around. If this turn around does not occur, it could affect the recoverability of the capitalized development costs. In light of the changing environment, management is reconsidering the extent of its commitment to the development of new power plants.

Due to the ongoing decline in the telecommunications industry and its impact on FPL FiberNet's current and prospective customers, FPL FiberNet's capital expenditure forecast for 2002-04 was revised from $100 million to approximately $50 million. Also, FPL FiberNet is conducting valuation studies to assess the recoverability of its fiber network and related inventory, which totaled approximately $350 million at June 30, 2002.

7. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a non-rate regulated energy generating subsidiary. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. FPL Group's segment information is as follows:

	Three Months Ended June 30,							
	2002				2001			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 1,921	$ 287	$ 40	$ 2,248	$ 1,935	$ 199	$ 32	$ 2,166
Net income (loss)	$ 205	$ 38	$ 7	$ 250	$ 182	$ 38	$ (1)	$ 219

	Six Months Ended June 30,							
	2002				2001			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 3,460	$ 563	$ 69	$ 4,092	$ 3,582	$ 463	$ 62	$ 4,107
Income (loss) before cumulative effect of a change in accounting principle	$ 323	$ 61	$ 32[d]	$ 416	$ 280	$ 56	$ (7)	$ 329
Cumulative effect of adopting FAS 142	$ -	$ (222)[c]	$ -	$ (222)	$ -	$ -	$ -	$ -
Net income (loss)[b]	$ 323	$ (161)	$ 32[d]	$ 194	$ 280	$ 56	$ (7)	$ 329

	June 30, 2002				December 31, 2001			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Total assets	$ 12,242	$5,401	$ 509	$ 18,152	$ 11,924	$4,957	$ 582	$ 17,463

[a] FPL Energy's interest charges are based on an assumed capital structure of 50% debt for operating projects and 100% debt for projects under construction.
[b] Includes merger-related expenses in 2001 of $19 million after-tax, of which $16 million was recognized by FPL and $3 million by Corporate and Other.
[c] See Note 1.
[d] Includes favorable settlement of litigation with the Internal Revenue Service (IRS) of $30 million.

8. Summarized Financial Information of FPL Group Capital

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for and holds ownership interest in FPL Group's operating subsidiaries other than FPL. FPL Group Capital's debentures, and certain other obligations, are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

	Three Months Ended June 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 327	$ 1,921	$ 2,248	$ -	$ 231	$ 1,935	$ 2,166
Operating expenses	-	(294)	(1,545)	(1,839)	-	(193)	(1,593)	(1,786)
Interest charges	(7)	(37)	(35)	(79)	(7)	(35)	(40)	(82)
Other income (deductions) — net	255	57	(269)	43	224	45	(239)	30
Income from operations before income taxes	248	53	72	373	217	48	63	328
Income tax expense (benefit)	(2)	4	121	123	(2)	6	105	109
Net income (loss)	$ 250	$ 49	$ (49)	$ 250	$ 219	$ 42	$ (42)	$ 219

	Six Months Ended June 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 632	$ 3,460	$ 4,092	$ -	$ 525	$ 3,582	$ 4,107
Operating expenses	-	(576)	(2,851)	(3,427)	-	(483)	(3,024)	(3,487)
Interest charges	(14)	(74)	(72)	(160)	(15)	(66)	(86)	(167)
Other income (deductions) — net	200	81	(228)	53	339	73	(371)	41
Income from operations before income taxes	186	63	309	558	324	69	101	494
Income tax expense (benefit)	(8)	(36)	186	142	(5)	6	164	165
Income (loss) before cumulative effect of a change in accounting principle	194	99	123	416	329	63	(63)	329
Cumulative effect of adopting FAS 142, net of income taxes	-	(222)	-	(222)	-	-	-	-
Net income (loss)	$ 194	$ (123)	$ 123	$ 194	$ 329	$ 63	$ (63)	$ 329

[a] Represents FPL and consolidating adjustments.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (concluded)
(unaudited)

Condensed Consolidating Balance Sheets

	June 30, 2002				December 31, 2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 4,592	$ 20,276	$ 24,868	$ -	$ 3,606	$ 19,782	$ 23,388
Less accumulated depreciation and amortization	-	(301)	(11,603)	(11,904)	-	(246)	(11,480)	(11,726)
Total property, plant and equipment – net	-	4,291	8,673	12,964	-	3,360	8,302	11,662
CURRENT ASSETS								
Cash and cash equivalents	45	334	5	384	-	81	1	82
Receivables	371	364	36	771	7	442	331	780
Other	-	95	576	671	-	114	626	740
Total current assets	416	793	617	1,826	7	637	958	1,602
OTHER ASSETS								
Investment in subsidiaries	6,183	-	(6,183)	-	6,485	-	(6,485)	-
Other	94	1,144	2,124	3,362	108	2,066	2,025	4,199
Total other assets	6,277	1,144	(4,059)	3,362	6,593	2,066	(4,460)	4,199
TOTAL ASSETS	$ 6,693	$ 6,228	$ 5,231	$ 18,152	$ 6,600	$ 6,063	$ 4,800	$ 17,463
CAPITALIZATION								
Common shareholders' equity	$ 6,248	$ 933	$ (933)	$ 6,248	$ 6,015	$ 1,040	$ (1,040)	$ 6,015
Preferred stock of FPL without sinking fund requirements	-	-	226	226	-	-	226	226
Long-term debt	-	3,342	2,355	5,697	-	2,279	2,579	4,858
Total capitalization	6,248	4,275	1,648	12,171	6,015	3,319	1,765	11,099
CURRENT LIABILITIES								
Accounts payable and debt due within one year	-	791	957	1,748	-	1,847	641	2,488
Other	316	622	294	1,232	484	252	415	1,151
Total current liabilities	316	1,413	1,251	2,980	484	2,099	1,056	3,639
OTHER LIABILITIES AND DEFERRED CREDITS								
Accumulated deferred income taxes and unamortized tax credits	-	392	1,083	1,475	-	513	1,017	1,530
Other	129	148	1,249	1,526	101	132	962	1,195
Total other liabilities and deferred credits	129	540	2,332	3,001	101	645	1,979	2,725
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 6,693	$ 6,228	$ 5,231	$ 18,152	$ 6,600	$ 6,063	$ 4,800	$ 17,463

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (67)	$ 899	$ 595	$ 1,427	$ 485	$ (330)	$ 694	$ 849
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures and independent power investments	-	(615)	(558)	(1,173)	-	(899)	(595)	(1,494)
Capital contributions to FPL	-	-	-	-	(300)	-	300	-
Other – net	1	23	(35)	(11)	(8)	(24)	(23)	(55)
Net cash used in investing activities	1	(592)	(593)	(1,184)	(308)	(923)	(318)	(1,549)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	1,077	-	1,077	-	493	-	493
Retirements of long-term debt	-	(17)	(225)	(242)	-	-	(66)	(66)
Increase (decrease) in short-term debt	-	(1,114)	227	(887)	-	772	(368)	404
Dividends	(196)	-	-	(196)	(188)	-	-	(188)
Issuances of common stock	342	-	-	342	-	-	-	-
Other	(35)	-	-	(35)	-	-	-	-
Net cash provided by (used in) financing activities	111	(54)	2	59	(188)	1,265	(434)	643
Net increase (decrease) in cash and cash equivalents	45	253	4	302	(11)	12	(58)	(57)
Cash and cash equivalents at beginning of period	-	81	1	82	12	51	66	129
Cash and cash equivalents at end of period	$ 45	$ 334	$ 5	$ 384	$ 1	$ 63	$ 8	$ 72

[a] Represents FPL and consolidating adjustments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) appearing in the 2001 Form 10-K for FPL Group and FPL. The results of operations for an interim period may not give a true indication of results for the year. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

FPL Group's adjusted earnings for the three and six months ended June 30, 2002 and 2001 exclude several nonrecurring items and the mark-to-market effects of non-managed hedges. The following table provides a reconciliation of net income to adjusted earnings:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(millions)			
Net income	$ 250	$ 219	$ 194	$ 329
Adjustments:				
Cumulative effect of adopting FAS 142 – FPL Energy (see Note 1)	-	-	222	-
Favorable IRS settlement included in income taxes – Corporate and Other	-	-	(30)	-
Net unrealized mark-to-market gains associated with non-managed hedges – FPL Energy (see Note 2)	(1)	(5)	(2)	(5)
Merger-related expenses – FPL ($16) and Corporate and Other ($3)	-	-	-	19
Adjusted earnings	$ 249	$ 214	$ 384	$ 343

FPL Group's adjusted earnings for the three and six months ended June 30, 2002 increased despite economic issues that have lowered demand at FPL Energy and wholesale electricity prices. FPL contributed to the majority of the increase in both periods.

FPL Group's effective tax rate was lower for the six months ended June 30, 2002 due to the favorable settlement in March 2002 of a prior year tax issue, increased production tax credits for wind projects at FPL Energy and additional dividend deductions related to FPL Group's Employee Stock Ownership Plan.

The discussion of results of operations below is based upon adjusted earnings.

FPL – For the three and six months ended June 30, 2002, FPL's net income benefited from higher revenues from retail base operations, lower depreciation expense and lower interest charges partially offset by higher other operations and maintenance (O&M) expenses.

Revenues from retail base operations increased for the three months ended June 30, 2002 as a result of a 2.1% increase in customer accounts and a 5.8% increase in usage per retail customer mainly due to warmer weather partly offset by the effect of a 7% reduction in rates that was effective in mid-April 2002 net of a lower revenue refund provision. For the second quarter of 2002, revenues from retail base operations, excluding the impact of the revenue refund provision, decreased slightly to $917 million from $918 million for the same period last year. This decline was more than offset by a reduction in the revenue refund provision. FPL accrued $4 million during the second quarter of 2002 compared to $38 million for the same period in 2001 associated with refunds to retail customers under the former rate agreement that ended April 14, 2002. In June 2002, FPL refunded approximately $86 million, including interest, to retail customers for the last twelve-month period under the previous rate agreement. Substantially all of this refund was accrued for prior to the second quarter of 2002. At June 30, 2002, FPL had not accrued any provision for revenue refund under the current rate agreement.

Revenues from retail base operations increased for the six months ended June 30, 2002 reflecting a 2.0% increase in customer accounts and a 2.0% increase in usage per retail customer mainly due to warmer weather partly offset by the effect of a 7% reduction in rates commencing April 15, 2002 net of a lower revenue refund provision. For the six months ended June 30, 2002, revenues from retail base operations, excluding the impact of the revenue refund provision, decreased to $1,734 million from $1,742 million for the same period last year. This decline was more than offset by a reduction in the revenue refund provision. FPL accrued $23 million during the six months ended June 30, 2002 compared to $78 million for the same period in 2001 associated with refunds to retail customers.

For the three and six months ended June 30, 2002, the increase in revenues from retail base operations was more than offset by a decline in clause revenues, primarily fuel-related, due to lower fuel costs. Clause revenues represent a pass-through of costs that affect cash flow but do not significantly affect net income.

FPL's O&M expenses increased for the three and six months ended June 30, 2002 reflecting higher employee benefit and insurance costs, as well as higher nuclear maintenance costs. Continued cost pressures are expected to increase O&M expenses for 2002 by 5-6% compared to 2001. Depreciation expense decreased during the three and six months ended June 30, 2002 primarily due to the $37 million amortization of a regulatory liability, as approved by the FPSC in the new rate agreement, representing the pro rata portion of the $125 million annual depreciation credit provided for by the new rate agreement. Interest charges were lower for both the three and six months ended June 30, 2002 due to lower interest rates and lower average debt balances as a result of the recovery of previously under recovered fuel costs.

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and hospitals that intervened in the rate case docket but were not party to the settlement agreement filed a joint Notice of Administrative Appeal with the FPSC and the Supreme Court of Florida. Initial briefs were filed by the appellants on July 3, 2002. The answer briefs of the appellees are due on August 30, 2002. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the settlement agreement will be upheld.

In June 2002, the NRC extended the operating licenses for Turkey Point Units Nos. 3 and 4, which will allow operation of these units until 2032 and 2033, respectively. FPL has not yet decided whether to exercise the option to operate past the original license expiration date of 2012 and 2013, although FPL is continuing to take actions to ensure the long term viability of the units in order to preserve this option. This decision will be made by 2007. Any adjustment to depreciation and decommissioning rates would require FPSC approval.

On July 31, 2002, the FERC released a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would require all entities that own, control or operate transmission facilities to hire an independent transmission provider, which can be a regional transmission organization such as GridFlorida. FPL is evaluating the proposed rule and will file comments by October 15, 2002. The FERC has indicated that a final order on the proposed rule will be issued in February 2003.

In March 2002, FPL filed a modified RTO proposal with the FPSC changing the structure of the RTO from a for-profit transmission company to a non-profit independent system operator. On August 8, 2002, the FPSC staff recommended approval of many of the aspects of the modified RTO proposal and allowing recovery of GridFlorida's incremental costs through the capacity clause. In addition, the staff proposed that the FPSC not rule on market design issues now, but instead conduct an expedited hearing on these issues.

FPL Energy – FPL Energy's earnings for the three and six months ended June 30, 2002 benefited from the addition of projects, primarily wind assets within the central and western regions of the United States, totaling more than 1,000 mw since the same periods last year. Additional insurance settlement proceeds of $8 million after-tax, as well as increased generation and higher margins at a natural gas plant in the northeast, also contributed favorably to earnings for the three and six months ended June 30, 2002. These positive effects were somewhat offset by lower energy prices from the Maine assets and increased administrative costs associated with the growth of FPL Energy. Second quarter 2002 results were also affected by lower prices at the Lamar plant in Texas. During the second quarter 2002, FPL Energy recorded $4 million of after-tax net unrealized mark-to-market losses from asset optimization and trading activities, which partly offset $9 million of after-tax net unrealized mark-to-market gains recognized in the first quarter of 2002.

Since early June 2002, there has been a decline in the wholesale energy market, including a deterioration in forward prices and reduced liquidity, as well as increasing credit concerns that may limit the number of counterparties with which FPL Energy does business. These market conditions are making it more difficult for FPL Energy to manage the risk associated with fluctuating commodity prices, to optimize the value of its assets and to contract the output of its plants. Any uncontracted output from the plants will be sold into the market place at prevailing prices.

FPL Energy's target is to have approximately 75% of capacity under contract or hedged over the following twelve-month period. FPL Energy's capacity under contract or sold forward as of June 30, 2002 by market is as follows:

Market	Name	Balance of 2002[a]	2003[a]	Participating States[b]
NEPOOL/NYPP	New England/New York Power Pools	47%	28%[c]	Maine, Massachusetts, Rhode Island, New Hampshire, New York
PJM/ECAR	Pennsylvania-Maryland-New Jersey Interconnection/East Central Area Reliability Coordination Agreement	80%	78%	Pennsylvania, New Jersey, West Virginia
SERC	Southeastern Electric Reliability Council	100%	86%	Virginia, South Carolina, Alabama
MAPP/SPP	Mid-Continent Area/Southeast Power Pools	100%	100%	Iowa, Minnesota, Wisconsin, Kansas
ERCOT	Electric Reliability Council of Texas	80%	57%	Texas
WECC	Western Electricity Coordinating Council	100%	60%	Washington, Oregon, California
Total Portfolio		79%	55%	

[a] Capacity includes power plants in operation, under construction or otherwise committed.
[b] Represents only the states where FPL Energy's power plants are operational or under construction.
[c] Reflects pending acquisition of Seabrook.

At June 30, 2002, FPL Energy had approximately $75 million of capitalized development costs associated with sites located throughout the United States. Although the direction of the wholesale energy market is uncertain, management believes that the recent decline is temporary and that the market will turn around. If this turn around does not occur, it could affect the recoverability of the capitalized development costs. In light of the changing environment, management is reconsidering the extent of its commitment to the development of new power plants.

In April 2002, FPL Energy reached an agreement to acquire an 88.23% interest, or 1,024 mw, in Seabrook, a nuclear generation station located in New Hampshire, for $837 million. The acquisition is expected to close by the end of 2002, pending approvals from federal and state regulatory agencies. Including this acquisition, FPL Energy expects to have nearly 10,800 mw in operation by the end of 2003 and more than 11,500 mw by the end of 2004, including projects currently under construction, pending acquisitions and new wind generation.

FPL Energy owns a 50% interest in two wind projects that are qualifying facilities under the PURPA and sell 100% of their output to SCE. The projects' qualifying facility status is based on an application filed by FPL Energy's partner in the projects. FERC regulations preclude more than 50% of the equity in qualifying facilities to be owned directly or indirectly by utilities or utility holding companies. However, the ownership restriction does not apply to utility holding companies that are exempt from PUHCA under section 3(a)(3) or 3(a)(5). FPL Energy and its partner both are utility holding companies, but its partner currently has exemptions from PUHCA under both section 3(a)(3) and 3(a)(5). Thus, FPL Energy and its partner currently satisfy the 50% ownership test of PURPA. SCE has filed a motion with the SEC requesting that the SEC revoke the PUHCA exemptions currently held by FPL Energy's partner both prospectively, as well as retroactively, on the basis that the PUHCA exemption applications filed by FPL Energy's partner were not filed in good faith. If the exemptions were to be revoked and FPL Energy or its partner did not take appropriate remedial steps, the projects could lose their qualifying facility status, and SCE could seek to terminate the long-term power sales agreements with the partnerships. If the long-term power sales agreements were terminated, the projects would have to sell their output into the marketplace. FPL Energy's investment in these two wind projects totaled approximately $33 million at June 30, 2002.

Corporate and Other – Although the demand for telecommunication capacity continues to grow, the market has deteriorated as a result of many telecommunication companies filing for bankruptcy protection under Chapter 11. Customer credit has become a primary focus for the industry as credit downgrades have been increasing. Most of FPL FiberNet's customers are required to pay in advance and past due amounts are closely monitored and actively pursued. Several of FPL FiberNet's customers have filed for bankruptcy protection under Chapter 11 and reserves for any pre-petition debt have been established. As a result of this deterioration and general economic conditions, FPL FiberNet has experienced a slowdown in its longhaul (intercity transport) business. FPL FiberNet's metropolitan network continues to benefit from an expanding customer base and increasing use of FPL FiberNet's network by its existing customers. Due to the ongoing decline in the telecommunications industry and its impact on FPL FiberNet's current and prospective customers, FPL FiberNet's capital expenditure forecast for 2002-04 was revised from $100 million to approximately $50 million. Also, FPL FiberNet is conducting valuation studies to assess the recoverability of its fiber network and related inventory, which totaled approximately $350 million at June 30, 2002.

FPL FiberNet's earnings for the three and six months ended June 30, 2002 benefited from a $17 million after-tax gain on a sales-type lease of dark fiber to an existing customer.

In connection with the redemption in 1999 of its one-third ownership interest in Olympus, an indirect subsidiary of FPL Group has a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia. In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11. The note receivable plus accrued interest totaled approximately $127 million at June 30, 2002 and is included in other assets on FPL Group's consolidated balance sheets. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the SEC, and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. It has been reported that the SEC is investigating Adelphia's accounting and disclosure practices relating to off-balance sheet loans. Pursuant to a bankruptcy court order, Olympus is required to file with the court updated financial information by September 23, 2002. FPL Group is monitoring these developments and is currently unable to assess the collectibility of the note or the value of the collateral.

Subsidiaries of FPL Group, other than FPL, have investments in several leveraged leases, two of which are with MCI. In July 2002, MCI filed for bankruptcy protection under Chapter 11. At June 30, 2002, FPL Group's investment in the leveraged leases with MCI totaled approximately $63 million and the related accumulated deferred income taxes totaled approximately $34 million. FPL Group is evaluating what effect, if any, the MCI bankruptcy proceeding will have on its investment in the leveraged leases.

LIQUIDITY AND CAPITAL RESOURCES

FPL Group and its subsidiaries require funds to support and to grow their businesses. These funds are used for working capital, capital expenditures, investments in or acquisitions of assets and businesses and to pay maturing debt obligations. It is anticipated that these requirements will be satisfied through a combination of internally generated funds and the issuance, from time to time, of debt and equity securities, consistent with FPL Group's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. Credit ratings can affect FPL Group's and FPL's ability to obtain short- and long-term financing, the cost of such financing and the execution of their financing strategy.

In 2002, FPL Group has raised approximately $1.4 billion through the issuance of 5,750,000 shares of common stock and approximately 21.6 million of Corporate Units which included FPL Group Capital debentures. During the second quarter, FPL redeemed $225 million of first mortgage bonds and FPL Group Capital entered into a $50 million variable rate term-loan. In August 2002, FPL Group Capital entered into another variable rate term-loan totaling $100 million. See Note 5. Bank lines of credit currently available to FPL Group and its subsidiaries aggregate $3.2 billion ($2.2 billion for FPL Group Capital and $1 billion for FPL). Approximately one-half of these facilities expire in the fourth quarter of 2002, with the remainder expiring in 2003 and 2004. These facilities are available to support the companies' commercial paper programs as well as for general corporate purposes. In addition, in July 2002, FPL Energy received approximately $282 million which had previously been posted as collateral in connection with an off-balance sheet financing arrangement with an SPE.

FPL Group and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of debt outstanding. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities maintained by FPL Group Capital and FPL, the maintenance of a specific minimum level of credit rating is not a condition to drawing upon those credit facilities. However, interest rates on loans under the credit facilities agreements and commitment fees are tied to credit ratings and would increase or decrease when ratings are changed. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper issuances and could result in the requirement that FPL Group subsidiaries, including FPL, post collateral under certain power purchase and other agreements.

Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P). At June 30, 2002, Moody's and S&P had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's[a]	S&P[a]
FPL Group:		
Corporate credit rating	N/A	A
FPL:		
Corporate credit rating	A1	A/A-1
First mortgage bonds	Aa3	A
Pollution control bonds	Aa3/VMIG-1	A/A-1
Preferred stock	A3	BBB+
Commercial paper	P-1	A-1
FPL Group Capital:		
Corporate credit rating	N/A	A/A-1
Debentures	A2	A-
Commercial paper	P-1	A-1

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

In June 2002, Moody's confirmed its credit ratings for FPL and FPL Group Capital. The outlook indicated by the rating agencies for the ratings of FPL is stable, while the outlook for the ratings of FPL Group Capital is negative reflecting uncertainty in the wholesale generation market. In April 2002, following the announcement of the Seabrook acquisition, S&P placed FPL Group's credit rating on CreditWatch with negative implications. FPL Group expects S&P's review to be completed during the third quarter of 2002.

FPL Group's and FPL's commitments at June 30, 2002 were as follows (see Note 6 – Commitments):

	2002	2003-04	2005-06	Thereafter	Total
			(millions)		
Standby letters of credit:					
FPL	$ 1	$ 8	$ -	$ -	$ 9
FPL Energy	172	58	-	-	230
Corporate and Other	-	4	-	-	4
Guarantees – FPL Energy	116	37	123	1,355	1,631
Other commitments:					
FPL [a]	820	2,980	1,180	-	4,980
FPL Energy[b]	980	575	85	410	2,050
Total	$ 2,089	$ 3,662	$ 1,388	$ 1,765	$ 8,904

(a) Represents projected capital expenditures through 2005 to meet increased electricity usage and customer growth. Excludes minimum payments under purchased power and fuel contracts which are recoverable through various cost recovery clauses. See Note 6 – Contracts.

(b) Represents firm commitments in connection with the acquisition, development and expansion of independent power projects.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

In April 2002, FPL declared a special dividend of $250 million to FPL Group.

MARKET RISK SENSITIVITY

The changes in the fair value of FPL Group's derivative instruments for the six months ended June 30, 2002 were as follows:

	Trading & Managed Hedges	Non-Managed Hedges & Hedges in OCI	FPL Group Total
		(millions)	
Fair value of contracts outstanding at December 31, 2001	$ 1	$ (7)	$ (6)
Contracts realized or settled	(5)	(4)	(9)
Fair value of new contracts when entered into	9	-	9
Other changes in fair values	-	31	31
Fair value of contracts outstanding at June 30, 2002	$ 5	$ 20	$ 25[a]

[a] Includes the fair value of FPL's derivative instruments of $4 million at June 30, 2002.

The sources of fair value and maturity of derivative instruments at June 30, 2002 were as follows:

	Maturity						
	2002	2003	2004	2005	2006	Thereafter	Total
				(millions)			
Sources of Fair Value:							
Prices actively quoted	$ 11	$ 8	$ (3)	$ (1)	$ -	$ -	$ 15
Prices provided by other external sources, primarily broker quotes	3	2	-	-	-	-	5
Prices based on models and other valuation methods	2	1	-	(1)	-	3	5
	$ 16	$ 11	$ (3)	$ (2)	$ -	$ 3	$ 25

Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year.

Commodity price risk – The effect of a hypothetical 40% decrease in the price of natural gas, a hypothetical 25% decrease in the price of oil and a hypothetical 40% increase in the price of electricity would increase (decrease) the fair value at June 30, 2002 of commodity-based derivative instruments by the following:

	Trading & Managed Hedges		Non-Managed Hedges & Hedges in OCI		Total	
	FPL Group	FPL	FPL Group	FPL	FPL Group	FPL
			(millions)			
Natural gas and oil	$ (6)	$ 1	$ (56)	$ (3)	$ (62)	$ (2)
Electricity	$ (3)	$ -	$ (12)	$ -	$ (15)	$ -

Interest rate risk – The special use funds of FPL include restricted funds set aside to cover the cost of storm damage and for the decommissioning of FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities carried at their market value of approximately $1.1 billion and $1.0 billion at June 30, 2002 and December 31, 2001, respectively. Adjustments to market value result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. Because the funds set aside for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not expected to begin until at least 2012. At June 30, 2002 and December 31, 2001, other investments of FPL Group include approximately $277 million and $600 million, respectively, of investments that are carried at estimated fair value or cost, which approximates fair value.

The following are estimates of the fair value of FPL's and FPL Group's long-term debt:

	June 30, 2002			December 31, 2001	
	Carrying Amount	Estimated Fair Value		Carrying Amount	Estimated Fair Value
			(millions)		
Long-term debt of FPL, including current maturities	$ 2,355	$ 2,442[a]		$ 2,579	$ 2,653[a]
Long-term debt of FPL Group, including current maturities	$ 5,730	$ 5,923[a]		$ 4,890	$ 5,080[a]

[a] Based on quoted market prices for these or similar issues.

Based upon a hypothetical 10% increase in interest rates, which is a reasonable near-term market change, the net fair value of the net liabilities would decrease by approximately $111 million ($12 million for FPL) at June 30, 2002.

Equity price risk – Included in the special use funds of FPL are marketable equity securities carried at their market value of approximately $522 million and $576 million at June 30, 2002 and December 31, 2001, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $52 million reduction in fair value and corresponding adjustment to the related liability accounts based on current regulatory treatment at June 30, 2002.

New Accounting Rules

In August 2001, the Financial Accounting Standards Board (FASB) issued FAS 143, "Accounting for Asset Retirement Obligations." The statement requires that a liability for the fair value of an asset retirement obligation be recognized in the period in which it is incurred with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. FPL currently accrues for asset retirement obligations over the life of the related asset through depreciation. At FPL, the net effect of recording the full fair value of asset retirement obligations and the associated increase in assets pursuant to FAS 143 will, in accordance with regulatory treatment, be recorded as a regulatory asset. Management is in the process of evaluating the impact of implementing FAS 143 and is unable to estimate the effect on FPL Group's and FPL's financial statements. FPL Group and FPL will be required to adopt FAS 143 beginning in 2003.

In December 2001, the FASB released final guidance regarding when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from the provisions of FAS 133. The new guidance was implemented on April 1, 2002, with no significant effect on FPL Group's and FPL's financial statements.

FPL Energy's realized gains and losses from trading in financial instruments are recorded net in operating revenues and realized gains and losses from trading in physical power contracts are recorded gross in operating revenues and fuel, purchased power and interchange in FPL Group's consolidated statements of income. Beginning in the third quarter of 2002, FPL Group will be required to adopt Emerging Issues Task Force (EITF) No. 02-3, which will require realized gains and losses from trading in physical power contracts to be recorded net and comparative financial statement amounts for prior periods to be reclassified.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Market Risk Sensitivity.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2001 Form 10-K for FPL Group and FPL and Part II, Item 1. Legal Proceedings in the March 31, 2002 Form 10-Q for FPL Group and FPL.

In the Thomas suit, defendants' motion to dismiss was denied in July 2002.

In the Oorbeek and Berman suit, the plaintiffs filed a motion for summary judgment. The investigation by a special committee established by FPL Group's board of directors has been expanded to include the allegations in the Oorbeek and Berman complaint. In June 2002, the court entered an order denying plaintiffs' motion for summary judgment, granting defendants' motion to stay the action, and ordering the special committee to submit its report by August 30, 2002 and to notify the court on or before September 20, 2002 "regarding any contemplated action in the instant matters, namely whether the corporation has been advised to move the court to dismiss the derivative proceedings...and/or take any other action in these cases."

In the Klein suit, in June 2002, the court entered an order denying plaintiff's motion for summary judgment, granting defendants' motion to stay the action, and ordering the special committee to submit its report by August 30, 2002 and to notify the court on or before September 20, 2002 "regarding any contemplated action in the instant matters, namely whether the corporation has been advised to move the court to dismiss the derivative proceedings...and/or take any other action in these cases."

In July 2002, the plaintiffs agreed to dismiss FPL, with prejudice, from the Edoo suit.

In addition to those legal proceedings discussed herein and in the Form 10-K, FPL Group and its subsidiaries are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution individually or collectively will have a material adverse effect on the financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

FPL Group:
The Annual Meeting of FPL Group's shareholders was held on May 24, 2002. Of the 175,944,248 shares of common stock outstanding on the record date of March 15, 2002, a total of 147,542,000 shares were represented in person or by proxy.

The following directors were elected effective May 24, 2002:

	For	Against or Withheld
H. Jesse Arnelle	145,029,542	2,512,458
Sherry S. Barrat	145,230,361	2,311,639
Robert M. Beall, II	145,181,037	2,360,963
J. Hyatt Brown	145,130,092	2,411,908
Armando M. Codina	145,121,950	2,420,050
Willard D. Dover	145,151,812	2,390,188
Alexander W. Dreyfoos, Jr.	145,121,855	2,420,145
Paul J. Evanson	145,146,555	2,395,445
Lewis Hay III	145,231,891	2,310,109
Frederick V. Malek	145,132,880	2,409,120
Paul R. Tregurtha	145,103,405	2,438,595

The vote to ratify the appointment of Deloitte & Touche LLP as independent auditors was 140,872,394 for, 5,547,354 against and 1,122,252 abstaining.

FPL:
The following FPL directors were elected effective May 24, 2002 by the written consent of FPL Group, as the sole common shareholder of FPL, in lieu of an annual meeting of shareholders:

Dennis P. Coyle	Lawrence J. Kelleher
Moray P. Dewhurst	Armando J. Olivera
Paul J. Evanson	Antonio Rodriguez
Lewis Hay III	John A. Stall

Item 5. Other Information

(a) Reference is made to Item 1. Business – FPL Operations – Retail Ratemaking in the 2001 Form 10-K for FPL Group and FPL.

For information regarding FPL's recent rate settlement with the FPSC, see Note 4.

For information regarding FERC's notice of proposed rulemaking for transmission tariffs and a standardized design for electric markets, see Note 4.

For information regarding the FPSC's staff recommendation on GridFlorida, see Note 4.

(b) Reference is made to Item 1. Business – FPL Operations – System Capability and Load in the 2001 Form 10-K for FPL Group and FPL.

FPL's plans call for adding a total of approximately 1,900 mw of natural gas combined cycle generation at its Martin and Manatee sites. In July 2002, FPL confirmed that adding this generation was the most cost-effective way to meet FPL's generating capacity needs, pending FPSC approval. The FPSC hearing for the determination of need is scheduled for October 2002.

On July 16, 2002 and August 1, 2002, FPL set all-time records for energy peak demand of 19,064 mw and 19,201 mw, respectively. Adequate resources were available at the time of these peaks to meet customer demand.

(c) Reference is made to Item 1. Business – FPL Operations – Nuclear Operations in the 2001 Form 10-K for FPL Group and FPL.

For information regarding the NRC's extension of Turkey Point Units Nos. 3 and 4's operating licenses, see Management's Discussion.

(d) Reference is made to Item 1. Business – FPL Operations – Fuel in the 2001 Form 10-K for FPL Group and FPL.

In April 2002, the governor of Nevada submitted a Notice of Disapproval to Congress regarding President Bush's recommendation to develop Yucca Mountain as a nuclear waste depository. The Yucca Mountain site is the Department of Energy's recommended location to store and dispose of spent nuclear fuel and high-level radioactive waste. During May and July 2002, Congress overrode the disapproval notice through a majority vote of both houses. The President signed the joint resolution of Congress into law on July 23, 2002.

(e) Reference is made to Item 1. Business – Other FPL Group Operations in the 2001 Form 10-K for FPL Group and FPL.

For information regarding FPL FiberNet's capital expenditures for 2002-04, see Management's Discussion.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description	FPL Group	FPL
4(a)	Officer's Certificate of FPL Group Capital Inc, dated June 12, 2002, creating the Series B Debentures due February 16, 2008	x	
4(b)	Purchase Contract Agreement, dated as of June 1, 2002, between FPL Group, Inc. and The Bank of New York, as Purchase Contract Agent and Trustee	x	
4(c)	Pledge Agreement, dated as of June 1, 2002, among FPL Group, Inc., JPMorgan Chase Bank, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent	x	
10(a)	Generic Form of Executive Retention Employment Agreement between FPL Group and each of Dennis P. Coyle, Paul J. Evanson, Lewis Hay III, Lawrence J. Kelleher, Armando J. Olivera and Antonio Rodriguez	x	x
10(b)	Generic Form of Executive Retention Employment Agreement between FPL Group and each of Moray P. Dewhurst, Ronald F. Green and John A. Stall	x	x
10(c)	Form of Amendment to Employment Agreement between FPL Group and each of Dennis P. Coyle, Paul J. Evanson, Lewis Hay III, Lawrence J. Kelleher, Armando J. Olivera and Antonio Rodriguez	x	x
12(a)	Computation of Ratio of Earnings to Fixed Charges	x	
12(b)	Computation of Ratios		x
99(a)	Section 906 Certification of Chief Executive Officer of FPL Group	x	
99(b)	Section 906 Certification of Chief Financial Officer of FPL Group	x	
99(c)	Section 906 Certification of Chief Executive Officer of FPL		x
99(d)	Section 906 Certification of Chief Financial Officer of FPL		x

FPL Group and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that FPL Group and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed with the SEC on April 5, 2002 by FPL Group and FPL reporting one event under Item 5. Other Events and additional information under Item 9. Regulation FD Disclosure.

A Current Report on Form 8-K was filed with the SEC on May 23, 2002 by FPL Group and FPL reporting one event under Item 5. Other Events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

FPL GROUP, INC.
FLORIDA POWER & LIGHT COMPANY
(Registrants)

Date: August 8, 2002

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer of FPL Group, Inc.
Vice President, Accounting, Controller and
Chief Accounting Officer of Florida Power & Light Company
(Principal Accounting Officer of the Registrants)

EXHIBIT 12(a)

FPL GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2002 (millions)
Earnings, as defined:	
Income before cumulative effect of a change in accounting principle	$
Income taxes	
Fixed charges, included in the determination of net income, as below	
Amortization of capitalized interest	
Distributed income of independent power investments	
Less: Equity in earnings of independent power investments	
Total earnings, as defined	$
Fixed charges, as defined:	
Interest charges	$
Rental interest factor	
Fixed charges included in nuclear fuel cost	
Fixed charges, included in the determination of net income	
Capitalized interest	
Total fixed charges, as defined	$
Ratio of earnings to fixed charges	

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Nine Months Ended September 30, 2002 (millions)
RATIO OF EARNINGS TO FIXED CHARGES	
Earnings, as defined:	
Net income	$
Income taxes	
Fixed charges, as below	
Total earnings, as defined	$
Fixed charges, as defined:	
Interest charges	$
Rental interest factor	
Fixed charges included in nuclear fuel cost	
Total fixed charges, as defined	$
Ratio of earnings to fixed charges	
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	
Earnings, as defined:	
Net income	$
Income taxes	
Fixed charges, as below	
Total earnings, as defined	$
Fixed charges, as defined:	
Interest charges	$
Rental interest factor	
Fixed charges included in nuclear fuel cost	
Total fixed charges, as defined	
Non-tax deductible preferred stock dividends	
Ratio of income before income taxes to net income	
Preferred stock dividends before income taxes	
Combined fixed charges and preferred stock dividends	$
Ratio of earnings to combined fixed charges and preferred stock dividends	

Exhibit 99(a)

FPL GROUP, INC.

Certification Of Periodic Report

I, Lewis Hay III, Chairman of the Board and Chief Executive Officer of FPL Group, Inc., certify,pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL Group, Inc. for the quarterly period ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL Group, Inc.

Dated: August 9, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

Exhibit 99(b)

FPL GROUP, INC.

Certification Of Periodic Report

I, Moray P. Dewhurst, Vice President, Finance and Chief Financial Officer of FPL Group, Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL Group, Inc. for the quarterly period ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL Group, Inc.

Dated: August 9, 2002

MORAY P. DEWHURST

Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer

Exhibit 99(c)

FLORIDA POWER & LIGHT COMPANY

Certification Of Periodic Report

I, Lewis Hay III, Chairman of the Board and Chief Executive Officer of Florida Power & Light Company ("FPL"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL for the quarterly period ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL.

Dated: August 9, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

Exhibit 99(d)

FLORIDA POWER & LIGHT COMPANY

Certification Of Periodic Report

I, Moray P. Dewhurst, Senior Vice President, Finance and Chief Financial Officer of Florida Power & Light Company ("FPL"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL for the quarterly period ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL.

Dated: August 9, 2002

MORAY P. DEWHURST

Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer

EXHIBIT (c) – 1E

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2002**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding at October 31, 2002: 182,512,815 shares.

As of October 31, 2002, there were issued and outstanding 1,000 shares of Florida Power & Light Company's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

This combined Form 10-Q represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

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) (collectively, the Company) are hereby filing cautionary statements identifying important factors that could cause the Company'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 the Company in this combined Form 10-Q, in presentations, 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, estimated, 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 the Company's actual results to differ materially from those contained in forward-looking statements made by or on behalf of the Company.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. 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 changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (PUHCA), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. 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 of 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 relating to air quality, water quality, waste management, natural resources and health and safety that could, among other things, restrict or limit the use of certain fuels required for the production of electricity. 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 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.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines, pipelines, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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 additional regulatory actions up to and including shut down of the units stemming from public safety concerns both at FPL Group's and FPL's plants, as well as at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility 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.

- 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 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.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In addition, FPL's use of such instruments could be subject to prudency challenges by the FPSC and if found imprudent, cost disallowance.

- There are other risks associated with FPL Group's nonregulated businesses, particularly FPL Energy. 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 price and supply of fuel, 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 its 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 is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- 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 to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase their interest costs.

- 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 rates or policies, rates of inflation or accounting standards.

- 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, 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.

- 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 events as well as company-specific events.

- 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 or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
OPERATING REVENUES	$2,353	$ 2,490	$6,251	$ 6,522
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,082	1,200	2,783	3,130
Other operations and maintenance	325	306	1,007	929
Restructuring and impairment charges	207	-	207	-
Merger-related	-	-	-	30
Depreciation and amortization	225	246	718	732
Taxes other than income taxes	199	195	556	538
Total operating expenses	2,038	1,947	5,271	5,359
OPERATING INCOME	315	543	980	1,163
OTHER INCOME (DEDUCTIONS)				
Interest charges	(74)	(83)	(234)	(250)
Preferred stock dividends – FPL	(4)	(4)	(11)	(11)
Reserve for leveraged leases	(48)	-	(48)	-
Equity in earnings of equity method investees	18	29	51	81
Other – net	-	14	27	10
Total other deductions – net	(108)	(44)	(215)	(170)
INCOME FROM OPERATIONS BEFORE INCOME TAXES	207	499	765	993
INCOME TAXES	57	165	199	330
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	150	334	566	663
CUMULATIVE EFFECT OF ADOPTING FAS 142, "GOODWILL AND OTHER INTANGIBLE ASSETS," NET OF INCOME TAXES OF $143	-	-	(222)	-
NET INCOME	$ 150	$ 334	$ 344	$ 663
Earnings per share of common stock (basic and assuming dilution):				
Earnings per share before cumulative effect of adopting FAS 142	$ 0.85	$ 1.98	$ 3.29	$ 3.93
Cumulative effect of adopting FAS 142	$ -	$ -	$ (1.29)	$ -
Earnings per share	$ 0.85	$ 1.98	$ 2.00	$ 3.93
Dividends per share of common stock	$ 0.58	$ 0.56	$ 1.74	$ 1.68
Weighted-average number of common shares outstanding:				
Basic	175.7	168.8	171.8	168.7
Assuming dilution	175.9	169.0	172.1	168.8

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in the combined Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (2001 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	September 30, 2002	December 31, 2001
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property, including nuclear fuel and construction work in progress	$ 25,156	$ 23,388
Less accumulated depreciation and amortization	(11,984)	(11,726)
Total property, plant and equipment – net	13,172	11,662
CURRENT ASSETS		
Cash and cash equivalents	696	82
Customer receivables, net of allowances of $15 and $8, respectively	810	636
Materials, supplies and fossil fuel inventory – at average cost	310	349
Deferred clause expenses	112	304
Other	291	231
Total current assets	2,219	1,602
OTHER ASSETS		
Special use funds of FPL	1,639	1,608
Other investments	681	1,035
Other	982	1,556
Total other assets	3,302	4,199
TOTAL ASSETS	$ 18,693	$ 17,463
CAPITALIZATION		
Common stock	$ 2	$ 2
Additional paid-in capital	3,063	2,814
Retained earnings	3,253	3,207
Accumulated other comprehensive income (loss)	12	(8)
Total common shareholders' equity	6,330	6,015
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	5,727	4,858
Total capitalization	12,283	11,099
CURRENT LIABILITIES		
Debt due within one year	1,270	2,015
Accounts payable	628	473
Accrued interest, taxes and other	1,471	1,151
Total current liabilities	3,369	3,639
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,358	1,302
Unamortized regulatory and investment tax credits	202	228
Other	1,481	1,195
Total other liabilities and deferred credits	3,041	2,725
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 18,693	$ 17,463

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Nine Months Ended September 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 344	$ 663
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	685	732
Increase (decrease) in deferred income taxes and related regulatory credit	41	(85)
Deferrals under cost recovery clauses	151	218
Increase in customer receivables	(182)	(167)
Increase in accrued interest and taxes	401	631
(Increase) decrease in restricted cash	251	(233)
Goodwill impairment	365	-
Restructuring and impairment charges	207	-
Other – net	(35)	(96)
Net cash provided by operating activities	2,228	1,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(803)	(850)
Independent power investments	(940)	(1,495)
Other – net	(9)	(83)
Net cash used in investing activities	(1,752)	(2,428)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	1,177	920
Retirements of long-term debt	(242)	(66)
Increase (decrease) in short-term debt	(816)	366
Dividends on common stock	(298)	(285)
Issuances of common stock	360	-
Other	(43)	-
Net cash provided by financing activities	138	935
Net increase in cash and cash equivalents	614	170
Cash and cash equivalents at beginning of period	82	129
Cash and cash equivalents at end of period	$ 696	$ 299
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 54	$ 57
Accrual for premium on publicly-traded equity units known as Corporate Units	$ 111	$ -

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
OPERATING REVENUES	$2,144	$2,272	$ 5,603	$ 5,854
OPERATING EXPENSES				
Fuel, purchased power and interchange	977	1,106	2,491	2,808
Other operations and maintenance	281	248	839	758
Merger-related	-	-	-	26
Depreciation and amortization	194	223	632	673
Income taxes	173	164	365	333
Taxes other than income taxes	190	193	530	529
Total operating expenses	1,815	1,934	4,857	5,127
OPERATING INCOME	329	338	746	727
OTHER INCOME (DEDUCTIONS)				
Interest charges	(41)	(44)	(126)	(144)
Other – net	-	-	(2)	(2)
Total other deductions – net	(41)	(44)	(128)	(146)
NET INCOME	288	294	618	581
PREFERRED STOCK DIVIDENDS	4	4	11	11
NET INCOME AVAILABLE TO FPL GROUP	$ 284	$ 290	$ 607	$ 570

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	September 30, 2002	December 31, 2001
ELECTRIC UTILITY PLANT		
Plant in service, including nuclear fuel and construction work in progress	$ 20,362	$ 19,774
Less accumulated depreciation and amortization	(11,653)	(11,480)
Electric utility plant – net	8,709	8,294
CURRENT ASSETS		
Cash and cash equivalents	10	1
Customer receivables, net of allowances of $10 and $7, respectively	649	546
Materials, supplies and fossil fuel inventory – at average cost	275	265
Deferred clause expenses	112	304
Other	174	114
Total current assets	1,220	1,230
OTHER ASSETS		
Special use funds	1,639	1,608
Other	833	792
Total other assets	2,472	2,400
TOTAL ASSETS	$ 12,401	$ 11,924
CAPITALIZATION		
Common shareholder's equity	$ 5,279	$ 5,444
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,285	2,579
Total capitalization	7,790	8,249
CURRENT LIABILITIES		
Debt due within one year	446	232
Accounts payable	508	408
Accrued interest, taxes and other	1,123	975
Total current liabilities	2,077	1,615
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,106	870
Unamortized regulatory and investment tax credits	202	228
Other	1,226	962
Total other liabilities and deferred credits	2,534	2,060
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 12,401	$ 11,924

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Nine Months Ended September 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 618	$ 581
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	599	673
Increase (decrease) in deferred taxes and related regulatory credit	225	(176)
Deferrals under cost recovery clauses	151	218
Increase in customer receivables	(102)	(220)
Increase in accrued interest and taxes	293	721
Other – net	(61)	(55)
Net cash provided by operating activities	1,723	1,742
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(803)	(850)
Other – net	(46)	(38)
Net cash used in investing activities	(849)	(888)
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirements of long-term debt	(225)	(66)
Increase (decrease) in short-term debt	144	(560)
Dividends	(784)	(478)
Capital contributions from FPL Group	-	400
Net cash used in financing activities	(865)	(704)
Net increase in cash and cash equivalents	9	150
Cash and cash equivalents at beginning of period	1	66
Cash and cash equivalents at end of period	$ 10	$ 216
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to capital lease obligations	$ 54	$ 57

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2001 Form 10-K for FPL Group and FPL.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 2001 Form 10-K for FPL Group and FPL. In the opinion of FPL Group and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period may not give a true indication of results for the year.

1. Goodwill and Other Intangible Assets

Effective January 1, 2002, FPL Group adopted Financial Accounting Standards No. (FAS) 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted. Instead, goodwill is assessed for impairment at the date of adoption and at least annually thereafter by applying a fair-value based test. In January 2002, FPL Energy recorded an impairment loss of $365 million ($222 million after tax) as the cumulative effect of adopting FAS 142, eliminating all goodwill previously included in other assets on FPL Group's financial statements. Estimates of fair value were determined using discounted cash flow models.

The following table provides reported net income and earnings per share excluding the impact of adopting FAS 142 and the proforma effect on the prior year period of excluding goodwill amortization expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(millions, except per share amounts)			
Net income	$ 150	$ 334	$ 344	$ 663
Add back: Cumulative effect of adopting FAS 142, net of income taxes of $143	-	-	222	-
Net income excluding cumulative effect	150	334	566	663
Add back: Goodwill amortization, net of income taxes of $1 and $3, respectively	-	2	-	5
Adjusted net income	$ 150	$ 336	$ 566	$ 668
Earnings per share (basic and assuming dilution)	$ 0.85	$ 1.98	$ 2.00	$ 3.93
Add back: Cumulative effect of adopting FAS 142	-	-	1.29	-
Earnings per share excluding cumulative effect	0.85	1.98	3.29	3.93
Add back: Goodwill amortization	-	0.01	-	0.03
Adjusted earnings per share	$ 0.85	$ 1.99	$ 3.29	$ 3.96

2. Gains and Losses on Derivative Transactions

Beginning January 1, 2002, FPL Group segregated unrealized mark-to-market gains and losses on derivative transactions into two categories. Prior year amounts have been reclassified into these categories. The first category, referred to as trading and managed hedge activities, represents the net unrealized effect of actively traded positions entered into to take advantage of market price movements and to optimize the value of generation assets and related contracts. The unrealized gains (losses) from trading and managed hedge activities were $(2) million and $3 million for the three months ended September 30, 2002 and 2001, respectively, and $6 million and $3 million for the nine months ended September 30, 2002 and 2001, respectively, and are reported net in operating revenues. The second category, referred to as non-managed hedges, represents the net unrealized effect of derivative transactions entered into as economic hedges (but which do not qualify for hedge accounting under FAS 133, "Accounting for Derivative Instruments and Hedging Activities") and the ineffective portion of transactions accounted for as cash flow hedges. These transactions have been entered into to lock in a desired future outcome, and any mark-to-market gains or losses during the period prior to realization will continue to be reported outside of operating income in equity in earnings of equity method investees and other – net in FPL Group's condensed consolidated statements of income. Unrealized gains (losses) from non-managed hedge activities were $4 million and $(3) million for the three months ended September 30, 2002 and 2001, respectively, and $7 million and $4 million for the nine months ended September 30, 2002 and 2001, respectively. Any position that is moved between non-managed hedge activity and trading and managed hedge activity is transferred at its fair value on the date of reclassification.

Beginning in the third quarter of 2002, FPL Group adopted guidance provided in Emerging Issues Task Force (EITF) issue No. 02-3, which requires realized gains and losses from all trading contracts, including those where physical delivery is required, to be recorded net and comparative financial statement amounts for prior periods to be reclassified. Previously, FPL Energy's realized gains and losses from trading in financial instruments were recorded net in operating revenues and realized gains and losses from trading in physical power contracts were recorded gross in operating revenues and fuel, purchased power and interchange in FPL Group's condensed consolidated statements of income. The netting of realized gains from physical trading and managed hedge activities resulted in reduced revenues and fuel, purchased power and interchange expenses by $42 million and $117 million for the three and nine months ended September 30, 2001, respectively, and $193 million for the six months ended June 30, 2002 (the guidance was adopted in the beginning of the third quarter of 2002).

3. Comprehensive Income

Substantially all of the transactions that FPL Group has designated as hedges are cash flow hedges which have expiration dates through June 2021. Approximately $11 million of FPL Group's accumulated other comprehensive income at September 30, 2002 will be reclassified into earnings within the next 12 months as the hedged fuel is consumed or as electricity is sold. Within other comprehensive income (OCI), approximately $5 million and $(14) million represent the effective portion of the net gain (loss) on cash flow hedges during the three months ended September 30, 2002 and 2001, respectively. The corresponding amounts for the nine months ended September 30, 2002 and 2001 are approximately $20 million and $(21) million, respectively.

Comprehensive income of FPL Group, totaling $154 million and $320 million for the three months ended September 30, 2002 and 2001, respectively, and $363 million and $653 million for the nine months ended September 30, 2002 and 2001, respectively, includes net income, net unrealized gains (losses) on cash flow hedges of $3 million and $(13) million for the three months ended September 30, 2002 and 2001, respectively, and $18 million and $(9) million for the nine months ended September 30, 2002 and 2001, respectively, as well as changes in unrealized gains and losses on available for sale securities. Accumulated other comprehensive income (loss) is separately displayed in the condensed consolidated balance sheets of FPL Group.

4. Regulation

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and certain hospitals filed a joint notice of administrative appeal with the FPSC and the Supreme Court of Florida. The appellants requested that the Supreme Court remand the case to the FPSC for additional proceedings. Initial briefs were filed by the appellants on July 3, 2002. The answer briefs of the appellees were filed on August 30, 2002 and a reply brief from the appellants was filed on September 23, 2002. Oral arguments are expected to take place in early to mid-2003. FPL intends to vigorously contest this appeal and FPL believes that the FPSC's decision approving the settlement agreement will be upheld.

Due to the recent settlement agreement with the FPSC, as well as other FPSC actions with regard to accumulated nuclear amortization, FPL reclassified certain amounts that were previously classified within accumulated depreciation to a regulatory liability, which is included in other liabilities on FPL's condensed consolidated balance sheet, effective April 15, 2002. The amounts reclassified include $170 million of special depreciation which will be credited to depreciation expense at up to $125 million per year over the term of the settlement agreement, which extends through December 31, 2005, and $99 million of nuclear amortization which will be amortized ratably over the remaining life of the plants based on the term of the existing operating licenses of the plants at a rate of $7 million per year.

On July 31, 2002, the FERC issued a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would, among other things, require FERC regulated entities, including FPL, that own, control or operate transmission facilities to hire an independent transmission provider, which can be a regional transmission organization (RTO) such as GridFlorida LLC (GridFlorida) for the operation of those facilities. The proposed rule also will require the independent transmission provider to administer various spot markets for the sale of electricity and ancillary services and to manage congestion on the transmission system using financial congestion rights. FPL is evaluating the proposed rule. The FERC will be accepting comments on the proposed rule through February 17, 2003. A final order is expected to be issued in early 2003, with a proposed full implementation date of September 30, 2004.

In March 2002, FPL and two other Florida utilities filed a modified RTO proposal with the FPSC changing the structure of the RTO from a for-profit transmission company to a non-profit independent system operator. On September 3, 2002, the FPSC approved many of the aspects of the modified RTO proposal, allowing recovery of GridFlorida's incremental costs through the capacity cost recovery clause (capacity clause) and ordering the utilities to file a petition for use of the proposed market design. On October 3, 2002, the State of Florida Office of Public Counsel (Public Counsel) filed a notice of administrative appeal with the Supreme Court of Florida seeking an appeal of the FPSC's order, which caused an automatic stay of the proceedings. On October 28, 2002, the FPSC ordered that the GridFlorida proceedings be held in abeyance pending Public Counsel's appeal.

5. Capitalization

In February 2002, FPL Group sold a total of 11.5 million publicly-traded equity units known as Corporate Units, and in connection with that financing, FPL Group Capital Inc (FPL Group Capital) issued $575 million principal amount of 4.75% debentures due February 16, 2007. The interest rate on the debentures is expected to be reset on or after November 16, 2004. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2005, and FPL Group will make payments of 3.75% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 9,271,300 and 10,939,950 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment under certain circumstances). The proceeds were used to reduce FPL Group Capital's commercial paper borrowings.

In June 2002, FPL Group sold concurrently a total of 5.75 million shares of common stock and 10.12 million Corporate Units. In connection with that financing, FPL Group Capital issued $506 million principal amount of 5% debentures due February 16, 2008. The interest rate on the debentures is expected to be reset on or after August 16, 2005. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group will make payments of 3% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 7,450,344 and 8,940,008 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment under certain circumstances). The proceeds were used for general corporate purposes.

Prior to the issuance of FPL Group's common stock, the purchase contracts will be reflected in FPL Group's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of FPL Group common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts less the number of shares that could be purchased by FPL Group in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, FPL Group anticipates that there will not be a dilutive effect on its earnings per share except during periods when the average market price of its common stock is above $62.02 for the February 2002 Corporate Units and $67.92 for the June 2002 Corporate Units.

In May 2002, FPL Group Capital entered into a $50 million variable-rate term loan, which will mature in December 2002. The proceeds were used for general corporate purposes.

In June 2002, FPL redeemed approximately $225 million of first mortgage bonds scheduled to mature in 2003 and 2004 and having interest rates of 6 5/8% and 6 7/8%.

In August 2002, FPL Group Capital entered into a $100 million variable-rate term loan, which will mature in August 2004. The proceeds were used for general corporate purposes.

In November 2002, FPL called for redemption in December 2002 approximately $525 million of first mortgage bonds maturing in 2016, 2023 and 2024 and having interest rates of 7.30%, 7 3/4% and 7 5/8%.

6. Restructuring and Impairment Charges

FPL Group recorded nonrecurring charges totaling $207 million ($127 million after tax) in the third quarter of 2002 due to unfavorable market conditions in the wholesale energy and telecommunications markets. As of September 30, 2002, approximately $29 million of the total nonrecurring charges were recognized as liabilities and are included in other current liabilities on FPL Group's condensed consolidated balance sheets. Following is a discussion of the nonrecurring charges by segment.

FPL Energy – The wholesale energy sector continues to face difficult market conditions including a deterioration in forward prices and reduced liquidity, as well as increasing credit concerns that may limit the number of counterparties with which FPL Energy does business. During the third quarter of 2002, FPL Energy conducted a thorough review of its business development plans, organizational structure and expenses. As a result, FPL Energy decided to substantially exit fossil-fueled greenfield power plant development activities, which resulted in the write-off of approximately $67 million ($41 million after tax) of previously capitalized development costs.

An agreement for the supply of gas turbines and other related equipment was renegotiated during the third quarter of 2002 to significantly reduce the commitment to purchase such equipment, resulting in a charge totaling approximately $16 million ($10 million after tax). FPL Group remains committed to purchase seven gas turbines through 2003. Also during the third quarter of 2002, FPL Energy entered into a contract to purchase 450 wind turbines.

FPL Energy also realigned its organizational structure during the third quarter of 2002 to lower general and administrative expenses and took other actions associated with the restructuring. The operating lease agreement with a special purpose entity (SPE) and the related credit facility used to finance certain turbine purchases were terminated during the third quarter of 2002. Together these resulted in a charge of approximately $20 million ($12 million after tax).

Corporate and Other – Due to the changing telecommunications market, FPL FiberNet, LLC (FPL FiberNet) completed valuation studies to assess the recoverability of its assets and as a result in the third quarter of 2002 recorded charges of approximately $104 million ($64 million after tax). Of this amount, $85 million ($52 million after tax) represents an impairment charge related to property, plant and equipment, the fair value of which was determined based on a discounted cash flow analysis. Additionally, FPL FiberNet decided not to pursue the planned build-out of metro fiber rings in certain cities, and restructuring charges of $19 million ($12 million after tax) were recognized related to development costs and inventory.

7. Commitments and Contingencies

Commitments – FPL and FPL Energy have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL consist of the cost for construction or acquisition of additional facilities and equipment to meet customer demand. At FPL Energy, capital expenditures include costs for the acquisition, development and expansion of independent power projects. At September 30, 2002, capital expenditures for the remainder of 2002 through 2005 are estimated to be as follows:

	2002	2003	2004	2005	Total
			(millions)		
FPL:					
Generation	$ 270	$ 540	$ 490	$ 150	$ 1,450
Transmission	40	220	300	200	760
Distribution	130	560	560	550	1,800
General and other	90	180	230	240	740
Total	$ 530	$ 1,500	$ 1,580	$ 1,140	$ 4,750
FPL Energy:					
Wind[a]	$ 120	$ 1,160	$ -	$ -	$ 1,280
Gas	220	405	45	10	680
Seabrook Nuclear Generating Station[b]	799	25	20	25	869
Total	$ 1,139	$ 1,590	$ 65	$ 35	$ 2,829

(a) FPL Energy has projected capital expenditures for wind through 2003 when the production tax credits are scheduled to expire.
(b) The acquisition of Seabrook Nuclear Generating Station (Seabrook) occurred on November 1, 2002. See Note 10.

As of September 30, 2002, FPL Energy had $1.9 billion in firm commitments for a portion of its capital expenditures, natural gas transportation and storage contracts and minimum lease payments associated with the off-balance sheet financing arrangement discussed below. See Contracts below and Note 10 for further discussion.

At September 30, 2002, subsidiaries of FPL Group, other than FPL, have guaranteed approximately $1.8 billion of lease obligations, prompt performance payments, purchase and sale of power and fuel agreement obligations, debt service payments and other payments subject to certain contingencies. FPL Group has guaranteed certain payment obligations of FPL Group Capital, including those under FPL Group Capital's debt and commercial paper issuances, as well as the guarantees discussed above.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement (PPA) that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

Contracts – During the third quarter of 2002, FPL Group amended its long-term agreement for the supply of gas turbines. At September 30, 2002, FPL Group remains committed to purchase seven gas turbines through 2003 and parts, repairs and on-site service through 2011. FPL Energy has also entered into several contracts for the supply of wind turbines and towers to support a portion of the new wind generation planned. In addition, FPL Energy has entered into various engineering, procurement and construction contracts with expiration dates through 2004 to support its development activities. All of these contracts are intended to support expansion, and the related commitments as of September 30, 2002 are included in Commitments above.

FPL has entered into long-term purchased power and fuel contracts. FPL is obligated under take-or-pay purchased power contracts with JEA and with subsidiaries of The Southern Company (Southern Companies) to pay for approximately 1,300 mw of power through mid-2010 and 382 mw thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 900 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2005 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts and the Southern Companies' contract is subject to

minimum quantities. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. In 2001, FPL entered into agreements with several electricity suppliers to purchase an aggregate of up to 1,374 mw of power with expiration dates ranging from 2003 through 2007. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has medium- to long-term contracts for the transportation and supply of natural gas, coal and oil with various expiration dates through 2022. FPL Energy has long-term contracts for the transportation, supply and storage of natural gas with expiration dates ranging from 2005 through 2017, and a contract for the supply of natural gas that expires December 31, 2002.

The remaining required capacity and minimum payments under these contracts as of September 30, 2002 are estimated to be as follows:

	2002	2003	2004	2005	2006	Thereafter
				(millions)		
FPL:						
Capacity payments:						
JEA and Southern Companies	$ 45	$ 190	$ 190	$ 190	$ 200	$ 1,300
Qualifying facilities	$ 85	$ 350	$ 360	$ 350	$ 300	$ 4,700
Other electricity suppliers	$ 15	$ 105	$ 105	$ 55	$ 40	$ 5
Minimum payments, at projected prices:						
Southern Companies – energy	$ 15	$ 60	$ 50	$ 60	$ 60	$ 200
Natural gas, including transportation	$ 275	$ 720	$ 335	$ 330	$ 200	$ 2,070
Coal	$ 15	$ 25	$ 15	$ 15	$ 10	$ 10
Oil	$ 125	$ -	$ -	$ -	$ -	$ -
FPL Energy:						
Natural gas transportation and storage	$ 5	$ 20	$ 20	$ 15	$ 15	$ 175

Charges under these contracts were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2002		2001		2002		2001	
	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel
				(millions)				
FPL:								
JEA and Southern Companies	$ 46[a]	$ 41[b]	$ 48[a]	$ 42[b]	$ 142[a]	$ 120[b]	$ 149[a]	$ 126[b]
Qualifying facilities	$ 79[c]	$ 35[b]	$ 80[c]	$ 32[b]	$ 234[c]	$ 96[b]	$ 236[c]	$ 100[b]
Other electricity suppliers	$ 43[c]	$ 6[b]	$ 13[c]	$ 2[b]	$ 67[c]	$ 15[b]	$ 22[c]	$ 4[b]
Natural gas, including transportation	$ -	$ 238[b]	$ -	$ 220[b]	$ -	$ 606[b]	$ -	$ 636[b]
Coal	$ -	$ 17[b]	$ -	$ 12[b]	$ -	$ 44[b]	$ -	$ 37[b]
Oil	$ -	$ 149[b]	$ -	$ 75[b]	$ -	$ 314[b]	$ -	$ 264[b]
FPL Energy:								
Natural gas transportation and storage	$ -	$ 5	$ -	$ 5	$ -	$ 13	$ -	$ 13

(a) Recovered through base rates and the capacity clause.
(b) Recovered through the fuel and purchased power cost recovery clause.
(c) Recovered through the capacity clause.

Off-Balance Sheet Financing Arrangement – In 2000, an FPL Energy subsidiary entered into an operating lease agreement with an SPE lessor to lease a 535 mw combined-cycle power generation plant through 2007. At the inception of the lease, the lessor obtained the funding commitments required to complete the acquisition, development and construction of the plant through debt and equity contributions from investors who are not affiliated with FPL Group. At September 30, 2002 and December 31, 2001, the lessor had drawn $345 million and $298 million, respectively, on a $425 million total commitment. The plant went into commercial operation on November 5, 2002; however, lease payments will not begin until final completion of the facility, but no later than March 1, 2003. Under certain limited events of default, the FPL Energy subsidiary can be required to purchase the plant for 100% of costs incurred to date. The FPL Energy subsidiary is required to make rent payments in amounts intended to cover the lessor's debt service, a stated yield to equity holders and certain other costs. The minimum annual lease payments are estimated to be $0 in 2002, $21 million in 2003, $23 million in 2004, $24 million in 2005, $19 million in 2006 and $214 million thereafter. The FPL Energy subsidiary has the option to purchase the plant for 100% of costs incurred to date at any time during the remaining lease term. If the FPL Energy subsidiary does not elect to purchase the plant at the end of the lease term, a residual value guarantee (included in the minimum lease payments above) must be paid and the plant will be sold. Any proceeds received by the lessor in excess of the outstanding debt and equity will be given to the FPL Energy subsidiary. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the lease agreement, which are included in the $1.8 billion of guarantees discussed in Commitments above. The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the plant and the related debt and that total assets, total liabilities and equity of the lessor at September 30, 2002 were $357 million, $345 million and $12 million, respectively. In June 2002, the cash collateral requirement related to this transaction was removed as a result of the lessor's syndication of its debt.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from private sources and under an industry retrospective payment plan. In accordance with this Act, FPL maintains $200 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system under which it is subject to retrospective assessments of up to $363 million per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $43 million per incident per year. The Price-Anderson Act expired on August 1, 2002 but the liability limitations did not change for plants, including FPL's four nuclear units, with operating licenses issued by the NRC prior to August 1, 2002.

FPL participates in nuclear insurance mutual companies that provide $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants. In the event that the loss or losses stem from an act of terrorism, the coverage is further limited to an aggregate of $3.24 billion (including business interruption) for all participants in any twelve-month period. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, FPL could be assessed up to $71 million in retrospective premiums.

In the event of a catastrophic loss at one of FPL's nuclear plants, the amount of insurance available may not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered through rates, would be borne by FPL and could have a material adverse effect on FPL Group's and FPL's financial condition.

FPL self-insures the majority of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. As approved by the FPSC, FPL maintains a funded storm and property insurance reserve, which totaled approximately $256 million at September 30, 2002, for uninsured property storm damage or assessments under the nuclear insurance program. Recovery from customers of any losses in excess of the storm and property insurance reserve will require the approval of the FPSC. FPL's available lines of credit provide additional liquidity in the event of a T&D property loss.

Litigation – In 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Clean Air Act. In May 2001, the EPA amended its complaint. The amended complaint alleges, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining proper permitting, and without complying with performance and technology standards as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case pending resolution of the EPA's motion for consolidation of discovery in several Clean Air Act cases that was filed with a Multi-District Litigation (MDL) panel. In August 2001, the MDL panel denied the motion for consolidation. In September 2001, the EPA moved that the federal district court reopen this case for purposes of discovery. Georgia Power Company has opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals rules on the Tennessee Valley Authority's appeal of an EPA administrative order relating to legal issues that are also central to this case. In August 2002, the federal district court denied without prejudice the EPA's motion to reopen.

In 2001, J. W. and Ernestine M. Thomas, Chester and Marie Jenkins, and Ray Norman and Jack Teague, as Co-Personal Representatives on behalf of the Estate of Robert L. Johns, filed suit against FPL Group, FPL, FPL FiberNet, FPL Group Capital and FPL Investments, Inc. in the Florida circuit court. This action is purportedly on behalf of all property owners in Florida (excluding railroad and public rights of way) whose property is encumbered by easements in favor of defendants, and on whose property defendants have installed or intend to install fiber-optic cable which defendants currently lease, license or convey or intend to lease, license or convey for non-electric transmission or distribution purposes. The lawsuit alleges that FPL's easements do not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs have asserted claims for unlawful detainer, unjust enrichment and constructive trust and seek injunctive relief and compensatory damages. In May 2002, plaintiffs filed an amended complaint, adding allegations regarding the installation of wireless communications equipment on some easements, and adding a claim for declaratory relief. In July 2002, defendants' motion to dismiss the amended complaint for, among other things, the failure to state a valid cause of action was denied. Defendants have filed an answer and affirmative defenses to the amended complaint. The parties are pursuing discovery regarding class certification.

In January 2002, Roy Oorbeek and Richard Berman filed suit against FPL Group (as an individual and nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Lewis Hay III, Dennis P. Coyle, Paul J. Evanson and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's Long Term Incentive Plan (LTIP) and its proposed, but unconsummated, merger with Entergy Corporation (Entergy) were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of the payments received by the officers, compensatory damages from the individual defendants and attorneys' fees. FPL Group's board of directors established a special committee to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers and expanded that investigation to include the allegations in the Oorbeek and Berman complaint.

In March 2002, William M. Klein, by Stephen S. Klein under power of attorney, on behalf of himself and all others similarly situated, filed suit against FPL Group (as nominal defendant); its current and certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III and Dennis P. Coyle. The lawsuit alleges that the payments made to certain officers under FPL Group's LTIP upon shareholder approval of the proposed merger with Entergy were improper and constituted corporate waste because the merger was not consummated. The suit alleges that the LTIP required consummation of the merger as a condition to the payments. The plaintiff seeks the return to FPL Group of the payments received by the officers; contribution, restitution and/or damages from the individual defendants; and attorneys' fees. These allegations also were referred to the special committee of FPL Group's board of directors investigating the allegations in the Oorbeek and Berman lawsuit.

On August 30, 2002, the special committee filed under seal with the court its report of its investigation. The report concluded that pursuit of the claims identified by the plaintiffs in the Oorbeek and Berman and the Klein lawsuits is not in the best interest of FPL Group or its shareholders generally, and recommended that FPL Group seek dismissal of the lawsuits. After reviewing the special committee's report, FPL Group's board of directors (with only independent directors participating) concluded likewise. On September 27, 2002, FPL Group, as nominal defendant, filed the special committee's report in the public docket and filed with the court a Statement of Position setting forth the special committee's and the board's conclusions and authorizing the filing of a motion to dismiss. The Statement of Position also reported that during the course of the special committee's investigation of the allegations in the lawsuits a separate question arose concerning the interpretation of the provisions of the LTIP pursuant to which the payments to eight senior officers were calculated. The board, the affected officers (two of whom have retired from FPL Group), and their respective legal counsel are discussing resolution of the issue. Any change from the original interpretation could result in a repayment to FPL Group of up to approximately $9 million.

In August 2001, Florida Municipal Power Agency (FMPA) filed with the United States Court of Appeals for the District of Columbia (DC Circuit) a petition for review asking the DC Circuit to reverse and remand orders of the FERC denying FMPA's request for credits for transmission facilities owned by FMPA members. The parties to the DC Circuit proceeding (Petitioner FMPA, Respondent FERC and Intervenor FPL) completed the briefing schedule in September 2002 and oral argument before the DC Circuit is scheduled for November 19, 2002. The transmission credits sought by FMPA would offset the transmission charges that FPL bills FMPA for network transmission service to FMPA's member cities. FMPA member cities have been taking network transmission service under FPL's open access transmission tariff (OATT) since the mid-1990s. In the orders on appeal, FERC ruled that FMPA would be entitled to credits for any FMPA facilities that were "integrated" with the FPL transmission system. Based on the evidence submitted, FERC concluded that none of the FMPA facilities met the integration test and, therefore, FMPA was not entitled to credits against FPL's charges for transmission service. FPL believes that the record supports denying FMPA's petition for review. However, in the event that the DC Circuit remands the case to FERC and, on remand, FERC reverses its previous finding that FMPA is not entitled to transmission credits, FMPA is likely to seek refunds for amounts collected from FMPA member cities taking service under FPL's OATT. FPL estimates that through September 30, 2002 its maximum exposure to refunds, including interest, is approximately $68 million.

FPL Group and FPL believe that they have meritorious defenses to the pending litigation discussed above and are vigorously defending the lawsuits. Management does not anticipate that the liabilities, if any, arising from the proceedings would have a material adverse effect on the financial statements.

In addition to those legal proceedings discussed herein, FPL Group and its subsidiaries, including FPL, are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements.

Other Contingencies – In connection with the redemption in 1999 of its one-third ownership interest in Olympus Communications, L.P. (Olympus), an indirect subsidiary of FPL Group has a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia Communications Corp. (Adelphia). In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11). The note receivable (included in other investments on FPL Group's condensed consolidated balance sheets) plus accrued interest totaled approximately $127 million at September 30, 2002. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the Securities and Exchange Commission (SEC), and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. In July 2002, the SEC filed suit against Adelphia and certain of its officers alleging that Adelphia fraudulently excluded billions of debt from its financial statements, misstated its financial and operating results and concealed rampant self-dealing by the Rigas family, which controlled Adelphia. Pursuant to a bankruptcy court order, Olympus was required to file with the court updated financial information by September 23, 2002, but was granted a motion by the court to extend its filing until December 23, 2002. FPL Group is monitoring these developments and is currently unable to assess the collectibility of the note or the value of the collateral.

FPL Energy owns a 50% interest in two wind projects that are qualifying facilities under the PURPA and sell 100% of their output to Southern California Edison (SCE). The projects' qualifying facility status is based on an application filed by FPL Energy's partner in the projects. FERC regulations preclude more than 50% of the equity in qualifying facilities to be owned directly or indirectly by utilities or utility holding companies. However, the ownership restriction does not apply to utility holding companies that are exempt from PUHCA under section 3(a)(3) or 3(a)(5). FPL Energy and its partner both are utility holding companies, but its partner currently has exemptions from PUHCA under both section 3(a)(3) and 3(a)(5). Thus, FPL Energy and its partner currently satisfy the 50% ownership test of PURPA. SCE has filed a motion with the SEC requesting that the SEC revoke the PUHCA exemptions currently held by FPL Energy's partner both prospectively, as well as retroactively, on the basis that the PUHCA exemption applications filed by FPL Energy's partner were not filed in good faith. The SEC has stated that it will hold a hearing on the matter. If the exemptions were to be revoked and FPL Energy or its partner did not take appropriate remedial steps, the projects could lose their qualifying facility status, and SCE could seek to terminate the long-term power sales agreements with the partnerships. On October 24, 2002, the FERC issued an Order Initiating Investigation and Hearing on the issue of whether three facilities, including the two wind projects described above, satisfied statutory and regulatory requirements for qualifying facility status following the 1997 transfer of ownership interests in the facilities from FPL Energy's partner to a third party. If the long-term power sales agreements were terminated, the projects would have to sell their output into the marketplace. FPL Energy recorded a reserve in the third quarter of 2002 associated with these regulatory issues of approximately $17 million ($10 million after tax), which is included in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income. At September 30, 2002, FPL Energy's net investment in these two wind projects totaled approximately $14 million, which is included in other investments on FPL Group's condensed consolidated balance sheets.

Subsidiaries of FPL Group, other than FPL, have investments in several leveraged leases, two of which are with MCI Telecommunications Corporation (MCI). In July 2002, MCI filed for bankruptcy protection under Chapter 11. As a result, during September 2002, FPL Group recorded reserves totaling $48 million ($30 million after tax) due to the uncertainty of collectibility associated with these leveraged leases.

8. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a non-rate regulated energy generating subsidiary. *Corporate and Other represents other business activities, other segments that are not separately reportable and* eliminating entries. FPL Group's segment information is as follows:

	Three Months Ended September 30,							
	2002				2001			
	FPL	FPL Energy [a]	Corporate & Other	Total	FPL	FPL Energy [a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 2,144	$ 193	$ 16	$ 2,353	$ 2,272	$ 189	$ 29	$ 2,490
Net income (loss)	$ 284	$ (34)[b]	$ (100)[c]	$ 150	$ 290	$ 44	$ -	$ 334

	Nine Months Ended September 30,							
	2002				2001			
	FPL	FPL Energy [a]	Corporate & Other	Total	FPL	FPL Energy [a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 5,603	$ 563	$ 85	$ 6,251	$ 5,854	$ 577	$ 91	$ 6,522
Income (loss) before cumulative effect of a change in accounting principle	$ 607	$ 27 [b]	$ (68)[c] [d]	$ 566	$ 570	$ 100	$ (7)	$ 663
Cumulative effect of adopting FAS 142	$ -	$ (222)[e]	$ -	$ (222)	$ -	$ -	$ -	$ -
Net income (loss)[f]	$ 607	$ (195)[b]	$ (68)[c] [d]	$ 344	$ 570	$ 100	$ (7)	$ 663

	September 30, 2002				December 31, 2001			
	FPL	FPL Energy [a]	Corporate & Other	Total	FPL	FPL Energy [a]	Corporate & Other	Total
	(millions)							
Total assets	$ 12,401	$ 5,059	$ 1,233	$ 18,693	$ 11,924	$ 4,957	$ 582	$ 17,463

[a] FPL Energy's interest charges are based on an assumed capital structure of 50% debt for operating projects and 100% debt for projects under construction.
[b] Includes restructuring and other charges of $73 million.
[c] Includes restructuring and impairment charges at FPL FiberNet of $64 million and reserve for leveraged leases of $30 million.
[d] Includes favorable settlement of litigation with the Internal Revenue Service (IRS) of $30 million.
[e] See Note 1.
[f] Includes merger-related expenses in 2001 of $19 million after-tax, of which $16 million was recognized by FPL and $3 million by Corporate and Other.

9. Summarized Financial Information of FPL Group Capital

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for and holds ownership interest in FPL Group's operating subsidiaries other than FPL. FPL Group Capital's debentures, and certain other obligations, are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended September 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 209	$ 2,144	$ 2,353	$ -	$ 256	$ 2,234	$ 2,490
Operating expenses	-	(396)	(1,642)	(2,038)	-	(218)	(1,729)	(1,947)
Interest charges	(7)	(33)	(34)	(74)	(8)	(38)	(37)	(83)
Other income (deductions) — net	152	(17)	(169)	(34)	327	56	(344)	39
Income (loss) from operations before income taxes	145	(237)	299	207	319	56	124	499
Income tax expense (benefit)	(5)	(108)	170	57	(15)	19	161	165
Net income (loss)	$ 150	$ (129)	$ 129	$ 150	$ 334	$ 37	$ (37)	$ 334

	Nine Months Ended September 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 648	$ 5,603	$ 6,251	$ -	$ 782	$ 5,740	$ 6,522
Operating expenses	-	(778)	(4,493)	(5,271)	-	(682)	(4,677)	(5,359)
Interest charges	(21)	(107)	(106)	(234)	(22)	(105)	(123)	(250)
Other income (deductions) — net	352	63	(396)	19	665	129	(714)	80
Income (loss) from operations before income taxes	331	(174)	608	765	643	124	226	993
Income tax expense (benefit)	(13)	(144)	356	199	(20)	24	326	330
Income (loss) before cumulative effect of a change in accounting principle	344	(30)	252	566	663	100	(100)	663
Cumulative effect of adopting FAS 142, net of income taxes	-	(222)	-	(222)	-	-	-	-
Net income (loss)	$ 344	$ (252)	$ 252	$ 344	$ 663	$ 100	$ (100)	$ 663

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Balance Sheets

	September 30, 2002				December 31, 2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 4,794	$ 20,362	$ 25,156	$ -	$ 3,606	$ 19,782	$ 23,388
Less accumulated depreciation and amortization	-	(331)	(11,653)	(11,984)	-	(246)	(11,480)	(11,726)
Total property, plant and equipment – net	-	4,463	8,709	13,172	-	3,360	8,302	11,662
CURRENT ASSETS								
Cash and cash equivalents	20	666	10	696	-	81	1	82
Receivables	583	248	68	899	7	442	331	780
Other	-	103	521	624	-	114	626	740
Total current assets	603	1,017	599	2,219	7	637	958	1,602
OTHER ASSETS								
Investment in subsidiaries	6,086	-	(6,086)	-	6,485	-	(6,485)	-
Other	103	1,073	2,126	3,302	108	2,066	2,025	4,199
Total other assets	6,189	1,073	(3,960)	3,302	6,593	2,066	(4,460)	4,199
TOTAL ASSETS	$ 6,792	$ 6,553	$ 5,348	$ 18,693	$ 6,600	$ 6,063	$ 4,800	$ 17,463
CAPITALIZATION								
Common shareholders' equity	$ 6,330	$ 808	$ (808)	$ 6,330	$ 6,015	$ 1,040	$ (1,040)	$ 6,015
Preferred stock of FPL without sinking fund requirements	-	-	226	226	-	-	226	226
Long-term debt	-	3,442	2,285	5,727	-	2,279	2,579	4,858
Total capitalization	6,330	4,250	1,703	12,283	6,015	3,319	1,765	11,099
CURRENT LIABILITIES								
Accounts payable and debt due within one year	-	945	953	1,898	-	1,847	641	2,488
Other	343	894	234	1,471	484	252	415	1,151
Total current liabilities	343	1,839	1,187	3,369	484	2,099	1,056	3,639
OTHER LIABILITIES AND DEFERRED CREDITS								
Accumulated deferred income taxes and unamortized tax credits	-	329	1,231	1,560	-	513	1,017	1,530
Other	119	135	1,227	1,481	101	132	962	1,195
Total other liabilities and deferred credits	119	464	2,458	3,041	101	645	1,979	2,725
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 6,792	$ 6,553	$ 5,348	$ 18,693	$ 6,600	$ 6,063	$ 4,800	$ 17,463

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30,							
	2002				2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (2)	$ 1,276	$ 954	$ 2,228	$ 678	$ (278)	$ 1,263	$ 1,663
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures and independent power investments	-	(940)	(803)	(1,743)	-	(1,495)	(850)	(2,345)
Capital contributions to FPL	-	-	-	-	(400)	-	400	-
Other – net	3	49	(51)	(9)	-	(46)	(37)	(83)
Net cash provided by (used) in investing activities	3	(891)	(864)	(1,752)	(400)	(1,541)	(487)	(2,428)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	1,177	-	1,177	-	920	-	920
Retirements of long-term debt	-	(17)	(225)	(242)	-	-	(66)	(66)
Increase (decrease) in short-term debt	-	(960)	144	(816)	-	926	(560)	366
Dividends	(298)	-	-	(298)	(285)	-	-	(285)
Issuances of common stock	360	-	-	360	-	-	-	-
Other	(43)	-	-	(43)	-	-	-	-
Net cash provided by (used in) financing activities	19	200	(81)	138	(285)	1,846	(626)	935
Net increase (decrease) in cash and cash equivalents	20	585	9	614	(7)	27	150	170
Cash and cash equivalents at beginning of period	-	81	1	82	12	51	66	129
Cash and cash equivalents at end of period	$ 20	$ 666	$ 10	$ 696	$ 5	$ 78	$ 216	$ 299

[a] Represents FPL and consolidating adjustments.

10. Subsequent Event

On November 1, 2002, FPL Energy completed the purchase of an 88.23% undivided interest, or 1,024 mw, in Seabrook located in New Hampshire. Under the terms of the purchase and sale agreement, the original purchase price was subject to certain adjustments at closing, and could be subject to further adjustments for 60 days subsequent to closing. Net of the adjustments at closing, the amounts paid to the sellers totaled approximately $799 million, which was included in capital expenditures of FPL Energy as of September 30, 2002. See Note 7 – Commitments. FPL Energy's interest includes its proportionate share of the nuclear plant (including the decommissioning trust fund totaling approximately $232 million), nuclear fuel and spare parts, as well as the assumption of liabilities such as accruals for nuclear decommissioning costs and pension and postretirement benefits. FPL Energy assumes responsibility for the ultimate decommissioning of the plant. The transaction was financed through general funds of FPL Group Capital.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) appearing in the 2001 Form 10-K for FPL Group and FPL. The results of operations for an interim period may not give a true indication of results for the year. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

FPL Group's adjusted earnings for the three and nine months ended September 30, 2002 and 2001 exclude several nonrecurring items and the mark-to-market effects of non-managed hedges. The following table provides a reconciliation of net income to adjusted earnings:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(millions)			
Net income	$ 150	$ 334	$ 344	$ 663
Adjustments (after tax):				
Cumulative effect of adopting FAS 142 – FPL Energy (see Note 1)	-	-	222	-
Favorable IRS settlement included in income taxes – Corporate and Other	-	-	(30)	-
Restructuring and other charges at FPL Energy (see Note 6 and Note 7 – Other Contingencies)	73	-	73	-
Restructuring and impairment charges at FPL FiberNet – Corporate and Other (see Note 6)	64	-	64	-
Reserve for leveraged leases – Corporate and Other (See Note 7 – Other Contingencies)	30	-	30	-
Net unrealized mark-to-market (gains) losses associated with non-managed hedges – FPL Energy (see Note 2)	(2)	2	(5)	(2)
Merger-related expenses – FPL ($16) and Corporate and Other ($3)	-	-	-	19
Adjusted earnings	$ 315	$ 336	$ 698	$ 680

FPL Group's adjusted earnings for the three months ended September 30, 2002 were lower reflecting reduced earnings at each of the operating subsidiaries. For the nine months ended September 30, 2002, FPL Group's adjusted earnings were up primarily due to improved earnings at FPL.

FPL Group's effective tax rates for the three and nine months ended September 30, 2002 were lower reflecting increased production tax credits for wind projects at FPL Energy and additional dividend deductions related to FPL Group's Employee Stock Ownership Plan. The nine-month period was also affected by the favorable settlement in March 2002 of a prior year tax matter.

The discussion of results of operations by segment below is based upon adjusted earnings. See Nonrecurring Charges for further discussion of third quarter 2002 charges.

FPL – For the three and nine months ended September 30, 2002, FPL's net income benefited from higher revenues from retail base operations, lower depreciation expense and lower interest charges. However, higher other operations and maintenance (O&M) expenses and property taxes not recovered through the cost recovery clauses more than offset these positives in the three-month period and partially offset the positives in the nine-month period.

Revenues from retail base operations increased for the three months ended September 30, 2002 as a result of a 2.2% increase in customer accounts and a 3.6% increase in usage per retail customer mainly due to warmer weather. The increase was partly offset by the effect of a 7% reduction in rates that was effective in mid-April 2002, net of a lower revenue refund provision. For the third quarter of 2002, revenues from retail base operations, excluding the impact of the revenue refund provision, decreased to $1,027 million from $1,048 million for the same period last year. This decline was more than offset by a reduction in the revenue refund provision. No amount was accrued during the third quarter of 2002 compared to $28 million for the same period in 2001 associated with refunds to retail customers under the former rate agreement that ended April 14, 2002.

Revenues from retail base operations increased for the nine months ended September 30, 2002 reflecting a 2.1% increase in customer accounts and a 2.6% increase in usage per retail customer mainly due to warmer weather. The increase was partly offset by the effect of a 7% reduction in rates commencing April 15, 2002, net of a lower revenue refund provision. For the nine months ended September 30, 2002, revenues from retail base operations, excluding the impact of the revenue refund provision, decreased to $2,761 million from $2,790 million for the same period last year. This decline was more than offset by a reduction in the revenue refund provision. FPL accrued $23 million during the nine months ended September 30, 2002 compared to $106 million for the same period in 2001 associated with refunds to retail customers.

Despite the increase in revenues from retail base operations discussed above, total operating revenues declined for the three and nine months ended September 30, 2002 due to a decline in clause revenues, primarily fuel-related, due to lower fuel costs. Clause revenues represent a pass-through of costs that affect cash flow but do not significantly affect net income.

FPL's O&M expenses increased for the three and nine months ended September 30, 2002 reflecting higher employee benefit and insurance costs, as well as higher nuclear maintenance costs primarily associated with more comprehensive inspections of the reactor vessel heads at FPL's nuclear facilities as ordered by the NRC (see Part II, Item 5(c)). Depreciation expense decreased during the three and nine months ended September 30, 2002 primarily due to the $44 million and $81 million, respectively, amortization of a regulatory liability, as approved by the FPSC in the new rate agreement, representing the pro rata portion of the $125 million annual depreciation credit provided for by the new rate agreement. Interest charges were lower for both the three and nine months ended September 30, 2002 due to lower interest rates and lower average debt balances as a result of the recovery of previously under-recovered fuel costs.

On April 11, 2002, the FPSC issued its final order approving the new settlement agreement regarding FPL's retail base rates. On April 26, 2002, the South Florida Hospital & Healthcare Association and certain hospitals filed a joint notice of administrative appeal with the FPSC and the Supreme Court of Florida. The appellants requested that the Supreme Court remand the case to the FPSC for additional proceedings. Initial briefs were filed by the appellants on July 3, 2002. The answer briefs of the appellees were filed on August 30, 2002 and a reply brief from the appellants was filed on September 23, 2002. Oral arguments are expected to take place in early to mid-2003. FPL intends to vigorously contest this appeal and FPL believes that the FPSC's decision approving the settlement agreement will be upheld.

In June 2002, the NRC extended the operating licenses for Turkey Point Units Nos. 3 and 4, which will allow operation of these units until 2032 and 2033, respectively. FPL has not yet decided whether to exercise the option to operate past the original license expiration dates of 2012 and 2013, although FPL is continuing to take actions to ensure the long term viability of the units in order to preserve this option. This decision will be made by 2007. Any adjustment to depreciation and decommissioning rates would require FPSC approval.

On July 31, 2002, the FERC issued a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would, among other things, require FERC regulated entities, including FPL, that own, control or operate transmission facilities to hire an independent transmission provider, which can be an RTO such as GridFlorida for the operation of those facilities. The proposed rule also will require the independent transmission provider to administer various spot markets for the sale of electricity and ancillary services and to manage congestion on the transmission system using financial congestion rights. FPL is evaluating the proposed rule. The FERC will be accepting comments on the proposed rule through February 17, 2003. A final order is expected to be issued in early 2003, with a proposed full implementation date of September 30, 2004.

In March 2002, FPL and two other Florida utilities filed a modified RTO proposal with the FPSC changing the structure of the RTO from a for-profit transmission company to a non-profit independent system operator. On September 3, 2002, the FPSC approved many of the aspects of the modified RTO proposal, allowing recovery of GridFlorida's incremental costs through the capacity clause and ordering the utilities to file a petition for use of the proposed market design. On October 3, 2002, Public Counsel filed a notice of administrative appeal with the Supreme Court of Florida seeking an appeal of the FPSC's order, which caused an automatic stay of the proceedings. On October 28, 2002, the FPSC ordered that the GridFlorida proceedings be held in abeyance pending Public Counsel's appeal.

FPL Energy – FPL Energy's earnings for the three and nine months ended September 30, 2002 benefited from the addition of projects, primarily wind assets within the central and western regions of the United States, totaling more than 1,000 mw since the same periods last year, as well as increased generation and higher margins at two natural gas plants in the northeast. These positive effects were more than offset by lower energy prices from the Maine assets and the Lamar plant in Texas, higher interest expense and lower interest income. Administrative costs were lower during the third quarter of 2002 as a result of streamlining the organization; however, they remained higher for the nine month period reflecting business growth since the same period last year. During the third quarter of 2002, FPL Energy recorded $1 million of after-tax net unrealized mark-to-market losses from asset optimization and trading activities compared to gains of $2 million during the third quarter of 2001. The corresponding amounts for the nine months ended September 30, 2002 and 2001 were gains of $4 million and $2 million, respectively.

Since early June 2002, there has been a decline in the wholesale energy market, including a deterioration in forward prices and reduced liquidity, as well as increasing credit concerns that may limit the number of counterparties with which FPL Energy does business. These market conditions are making it more difficult for FPL Energy to manage the risk associated with fluctuating commodity prices, to optimize the value of its assets and to contract the output of its plants. Any uncontracted output from the plants will be sold into the market place at prevailing prices.

FPL Energy's target is to have approximately 75% of capacity under contract or hedged over the following twelve-month period. As of September 30, 2002, FPL Energy's capacity under contract or sold forward for 2003 is as follows:

Asset Class	Available MW's[a]	% MW's Hedged
Wind	1,709	100
Older projects/QFs[b]	1,426	100
Merchants		
Seabrook[c]	955	94
NEPOOL/PJM/NYPP	1,538	33[d]
ERCOT	2,301	63[d]
Other (WECC/SERC)	691	28[d]
Total portfolio	8,620	73

[a] Weighted to reflect in-service dates; all assets adjusted for planned 2003 outages, including a refueling outage for Seabrook.
[b] For further discussion regarding two wind projects involved in litigation that could potentially terminate long-term power sales agreements, see Note 7 – Other Contingencies.
[c] The purchase of Seabrook was completed on November 1, 2002. See Note 10.
[d] Represents peak mw hedged.

Including the acquisition of Seabrook, FPL Energy expects to have nearly 10,600 mw in operation by the end of 2003 and more than 11,300 mw by the end of 2004, including projects currently under construction, pending acquisitions and new wind generation.

Corporate and Other – Although the demand for telecommunication capacity continues to grow, the market has deteriorated as a result of many telecommunication companies filing for bankruptcy protection under Chapter 11. Customer credit has become a primary focus for the industry as credit downgrades have been increasing. Most of FPL FiberNet's customers are required to pay in advance and past due amounts are closely monitored and actively pursued. Several of FPL FiberNet's customers have filed for bankruptcy protection under Chapter 11 and reserves for any pre-petition receivables due to FPL FiberNet have been established. As a result of this deterioration and general economic conditions, FPL FiberNet has experienced a slowdown in its longhaul (intercity transport) business. FPL FiberNet's metropolitan network continues to benefit from an expanding customer base and increasing use of FPL FiberNet's network by its existing customers. Due to the ongoing decline in the telecommunications industry and its impact on FPL FiberNet's current and prospective customers, FPL FiberNet's capital expenditure forecast for 2002-04 was revised from $100 million to approximately $50 million.

FPL FiberNet earnings were lower for the three months ended September 30, 2002 reflecting a deteriorating telecommunications market. Earnings for the nine months ended September 30, 2002 benefited from a $17 million after-tax gain on a sales-type lease of dark fiber to an existing customer.

In connection with the redemption in 1999 of its one-third ownership interest in Olympus, an indirect subsidiary of FPL Group has a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia. In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11. The note receivable (included in other investments on FPL Group's condensed consolidated balance sheets) plus accrued interest totaled approximately $127 million at September 30, 2002. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the SEC, and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. In July 2002, the SEC filed suit against Adelphia and certain of its officers alleging that Adelphia fraudulently excluded billions of debt from its financial statements, misstated its financial and operating results and concealed rampant self-dealing by the Rigas family, which controlled Adelphia. Pursuant to a bankruptcy court order, Olympus was required to file with the court updated financial information by September 23, 2002, but was granted a motion by the court to extend its filing until December 23, 2002. FPL Group is monitoring these developments and is currently unable to assess the collectibility of the note or the value of the collateral.

Nonrecurring Charges – During the third quarter of 2002, FPL Group recorded restructuring, impairment and other charges totaling $272 million ($167 million after tax) primarily due to unfavorable market conditions in the wholesale energy and telecommunications markets. Of the $272 million of nonrecurring charges, $207 million was reported in restructuring and impairment charges, $48 million was reported in reserve for leveraged leases and $17 million was reported in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income. The principal components of these charges are as follows:

During the third quarter of 2002, FPL Energy conducted a thorough review of its business development plans, organizational structure and expenses. As a result, FPL Energy decided to substantially exit fossil-fueled greenfield power plant development activities, which resulted in the write-off of approximately $67 million ($41 million after tax) of previously capitalized development costs.

An agreement for the supply of gas turbines and other related equipment was renegotiated during the third quarter of 2002 to significantly reduce the commitment to purchase such equipment, resulting in a charge totaling approximately $16 million ($10 million after tax). FPL Group remains committed to purchase seven gas turbines through 2003. Also during the third quarter of 2002, FPL Energy entered into a contract to purchase 450 wind turbines.

FPL Energy also realigned its organizational structure during the third quarter of 2002 to lower general and administrative expenses and took other actions associated with the restructuring. The operating lease agreement with an SPE and the related credit facility used to finance certain turbine purchases were terminated during the third quarter of 2002. Together these resulted in a charge of approximately $20 million ($12 million after tax).

FPL Energy recorded a reserve against its investment in two wind projects in the third quarter of 2002 associated with certain regulatory issues of approximately $17 million ($10 million after tax), which is included in equity in earnings of equity method investees. At September 30, 2002, FPL Energy's net investment in the two wind projects totaled approximately $14 million. See Note 7 – Other Contingencies.

Due to the changing telecommunications market, FPL FiberNet completed valuation studies to assess the recoverability of its assets and as a result in the third quarter of 2002 recorded charges of approximately $104 million ($64 million after tax). Of this amount, $85 million ($52 million after tax) represents an impairment charge related to property, plant and equipment, the fair value of which was determined based on a discounted cash flow analysis. Additionally, FPL FiberNet decided not to pursue the planned build-out of metro fiber rings in certain cities, and restructuring charges of $19 million ($12 million after tax) were recognized related to development costs and inventory.

Subsidiaries of FPL Group, other than FPL, have investments in several leveraged leases, two of which are with MCI. In July 2002, MCI filed for bankruptcy protection under Chapter 11. As a result, during September 2002, FPL Group recorded reserves totaling $48 million ($30 million after tax) due to the uncertainty of collectibility associated with these leveraged leases.

These restructuring activities are not expected to have a significant effect on FPL Group's future results of operations, liquidity or capital resources.

LIQUIDITY AND CAPITAL RESOURCES

FPL Group and its subsidiaries require funds to support and to grow their businesses. These funds are used for working capital, capital expenditures, investments in or acquisitions of assets and businesses and to pay maturing debt obligations. It is anticipated that these requirements will be satisfied through a combination of internally generated funds and the issuance, from time to time, of debt and equity securities, consistent with FPL Group's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. Credit ratings can affect FPL Group's and FPL's ability to obtain short- and long-term financing, the cost of such financing and the execution of their financing strategy.

In 2002, FPL Group has raised approximately $1.4 billion through the issuance of 5.75 million shares of common stock and approximately 21.62 million of Corporate Units. During the second quarter, FPL redeemed $225 million of first mortgage bonds and FPL Group Capital entered into a $50 million variable-rate term loan. In August 2002, FPL Group Capital entered into another variable-rate term loan totaling $100 million. See Note 5. In October 2002, FPL and FPL Group Capital renewed their bank lines of credit that were scheduled to expire. Bank lines of credit currently available to FPL Group and its subsidiaries aggregate approximately $3.1 billion ($2.1 billion for FPL Group Capital and $1 billion for FPL). Approximately one-half of these facilities expire in 2003, with the remainder expiring in 2004. These facilities are available to support the companies' commercial paper programs as well as for general corporate purposes. In addition, in July 2002, FPL Energy received approximately $282 million which had previously been posted as collateral in connection with an off-balance sheet financing arrangement with an SPE. See Note 7 – Off-Balance Sheet Financing Arrangement. Also during the third quarter of 2002, FPL received a $229 million tax refund out of an estimated $300 million it expects to receive as a result of a recent IRS ruling.

FPL Group and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of debt outstanding. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities maintained by FPL Group Capital and FPL, the maintenance of a specific minimum level of credit rating is not a condition to drawing upon those credit facilities. However, interest rates on loans under the credit facilities agreements and commitment fees are tied to credit ratings and would increase or decrease when ratings are changed. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper issuances and could result in the requirement that FPL Group subsidiaries, including FPL, post collateral under certain power purchase and other agreements.

Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P). At September 30, 2002, Moody's and S&P had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's[a]	S&P[a]
FPL Group:		
Corporate credit rating	N/A	A
FPL:		
Corporate credit rating	A1	A/A-1
First mortgage bonds	Aa3	A
Pollution control bonds	Aa3/VMIG-1	A/A-1
Preferred stock	A3	BBB+
Commercial paper	P-1	A-1
FPL Group Capital:		
Corporate credit rating	N/A	A/A-1
Debentures	A2	A-
Commercial paper	P-1	A-1

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

In June 2002, Moody's confirmed its credit ratings for FPL and FPL Group Capital. The outlook indicated by Moody's for the ratings of FPL is stable, while the outlook for the ratings of FPL Group Capital is negative reflecting uncertainty in the wholesale generation market. In April 2002, following the announcement of the Seabrook acquisition, S&P placed FPL Group's credit rating on CreditWatch with negative implications. In November 2002, S&P removed the CreditWatch with negative implications for FPL Group. The outlook was revised to negative and the "A" corporate credit rating was affirmed for FPL Group and subsidiaries.

FPL Group's and FPL's commitments at September 30, 2002 were as follows (see Note 7 – Commitments):

	2002	2003-04	2005-06	Thereafter	Total
			(millions)		
Standby letters of credit:					
FPL	$ 1	$ 8	$ -	$ -	$ 9
FPL Energy	180	65	-	-	245
Corporate and Other	-	4	-	-	4
Guarantees:					
FPL Energy	1,239	38	-	266	1,543
Corporate and Other	-	-	2	1	3
Other commitments:					
FPL[a]	590	2,980	1,180	-	4,750
FPL Energy[b]	884	460	96	416	1,856
Total	$ 2,894	$ 3,555	$ 1,278	$ 683	$ 8,410

(a) Represents projected capital expenditures through 2005 to meet increased electricity usage and customer growth. Excludes minimum payments under purchased power and fuel contracts which are recoverable through various cost recovery clauses. See Note 7 – Contracts.

(b) Represents firm commitments in connection with the acquisition, development and expansion of independent power projects.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

In April and October 2002, FPL declared special dividends of $250 million and $125 million, respectively, to FPL Group.

MARKET RISK SENSITIVITY

The changes in the fair value of FPL Group's derivative instruments for the three and nine months ended September 30, 2002, were as follows:

	Three Months Ended September 30, 2002			Nine Months Ended September 30, 2002		
	Trading & Managed Hedges	Non-Managed Hedges & Hedges in OCI	FPL Group Total	Trading & Managed Hedges	Non-Managed Hedges & Hedges in OCI	FPL Group Total
	(millions)					
Fair value of contracts outstanding at beginning of period	$ 5	$ 20	$ 25	$ 1	$ (7)	$ (6)
Contracts realized or settled	(3)	(4)	(7)	(8)	(9)	(17)
Fair value of new contracts when entered into	-	-	-	9	-	9
Changes in valuation assumptions	-	2	2[a]	-	2	2[a]
Other changes in fair values	(1)	8	7	(1)	40	39
Fair value of contracts outstanding at September 30, 2002	$ 1	$ 26	$ 27[b]	$ 1	$ 26	$ 27[b]

(a) Change in valuation assumption of correlation between power and fuel prices attributable to use of forward instead of spot price correlations.

(b) Includes the fair value of FPL's derivative instruments of less than $1 million at September 30, 2002.

The sources of fair value and maturity of derivative instruments at September 30, 2002 were as follows:

	Maturity						
	2002	2003	2004	2005	2006	Thereafter	Total
	(millions)						
Sources of Fair Value:							
Prices actively quoted	$ 5	$ 11	$ (3)	$ (2)	$ -	$ -	$ 11
Prices provided by other external sources, primarily broker quotes	3	2	1	-	-	-	6
Prices based on models and other valuation methods	4	2	-	-	1	3	10
	$ 12	$ 15	$ (2)	$ (2)	$ 1	$ 3	$ 27

Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year.

Commodity price risk – The effect of a hypothetical 32% decrease in the price of natural gas and oil and a hypothetical 44% increase in the price of electricity, which are reasonable near-term market changes, would increase (decrease) the fair value at September 30, 2002 of commodity-based derivative instruments by the following:

	Trading & Managed Hedges		Non-Managed Hedges & Hedges in OCI		Total	
	FPL Group	FPL	FPL Group	FPL	FPL Group	FPL
	(millions)					
Natural gas and oil	$ 2	$ -	$ (50)	$ (3)	$ (48)	$ (3)
Electricity	$ 4	$ -	$ (19)	$ -	$ (15)	$ -

Interest rate risk – The special use funds of FPL include restricted funds set aside to cover the cost of storm damage and for the decommissioning of FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities carried at their market value of approximately $1.1 billion and $1.0 billion at September 30, 2002 and December 31, 2001, respectively. Adjustments to market value result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. Because the funds set aside for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not expected to begin until at least 2012. At September 30, 2002 and December 31, 2001, other investments of FPL Group include approximately $276 million and $600 million, respectively, of investments that are carried at estimated fair value or cost, which approximates fair value.

The following are estimates of the fair value of FPL Group's and FPL's long-term debt:

	September 30, 2002		December 31, 2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
Long-term debt of FPL, including current maturities	$ 2,355	$ 2,501[a]	$ 2,579	$ 2,653[a]
Long-term debt of FPL Group, including current maturities	$ 5,831	$ 6,182[a]	$ 4,890	$ 5,080[a]

(a) Based on quoted market prices for these or similar issues.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of the net liabilities would increase by approximately $92 million for FPL Group at September 30, 2002. Based upon a hypothetical 10% increase in interest rates, the net fair value of the net liabilities would increase by approximately $3 million for FPL at September 30, 2002.

Equity price risk – Included in the special use funds of FPL are marketable equity securities carried at their market value of approximately $481 million and $576 million at September 30, 2002 and December 31, 2001, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $48 million reduction in fair value and corresponding adjustment to the related liability accounts based on current regulatory treatment at September 30, 2002.

NEW ACCOUNTING RULES

In August 2001, the Financial Accounting Standards Board (FASB) issued FAS 143, "Accounting for Asset Retirement Obligations." The statement requires that a liability for the fair value of an asset retirement obligation be recognized in the period in which it is incurred with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. FPL currently accrues for asset retirement obligations over the life of the related asset through depreciation. At FPL, the net effect of recording the full fair value of asset retirement obligations and the associated increase in assets pursuant to FAS 143 will, in accordance with regulatory treatment, be recorded as a regulatory asset. Management is in the process of evaluating the impact of implementing FAS 143 and is unable to estimate the effect on FPL Group's and FPL's financial statements. FPL Group and FPL will be required to adopt FAS 143 beginning in 2003.

In December 2001, the FASB released final guidance regarding when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from the provisions of FAS 133. The new guidance was implemented on April 1, 2002, with no significant effect on FPL Group's and FPL's financial statements.

Beginning in the third quarter of 2002, FPL Group adopted guidance provided in EITF issue No. 02-3 relating to netting of realized gains and losses from trading contracts. For further discussion, see Note 2.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*

Within the 90 days prior to the date of filing this report, FPL Group and FPL performed an evaluation, under the supervision and with the participation of its management, including FPL Group's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in *Exchange Act Rule 13a-14(c)). Based upon that evaluation, the chief executive officer and chief financial officer of each of* FPL Group and FPL concluded that the company's disclosure controls and procedures are effective in timely alerting them to material information relating to the company and its consolidated subsidiaries required to be included in the company's reports filed or submitted under the Exchange Act. Due to the inherent limitations of the effectiveness of any established disclosure controls and procedures, management of FPL Group and FPL cannot provide absolute assurance that the objectives of its *disclosure controls and procedures will be met.*

(b) Changes in Internal Controls

There have been no significant changes in FPL Group's or FPL's internal controls or in other factors that could significantly *affect* these controls subsequent to the date of the evaluation referred to above.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2001 Form 10-K for FPL Group and FPL and Part II, Item 1. Legal Proceedings in both the March 31, 2002 and June 30, 2002 Form 10-Q for FPL Group and FPL.

In August 2002, the federal district court denied without prejudice the EPA's motion to reopen, for purposes of discovery, the suit against Georgia Power Company and other subsidiaries of The Southern Company.

In May 2002, plaintiffs in the Thomas lawsuit filed an amended complaint, adding allegations regarding the installation of wireless communications equipment on some easements, and adding a claim for declaratory relief. In July 2002, defendants' motion to dismiss the amended complaint for, among other things, the failure to state a valid cause of action was denied. Defendants have filed an answer and affirmative defenses to the amended complaint. The parties are pursuing discovery regarding class certification.

On August 30, 2002, a special committee established to investigate allegations in the Oorbeek and Berman and the Klein lawsuits filed under seal with the court its report of its investigation. The report concluded that pursuit of the claims identified by the plaintiffs in the Oorbeek and Berman and the Klein lawsuits is not in the best interest of FPL Group or its shareholders generally, and recommended that FPL Group seek dismissal of the lawsuits. After reviewing the special committee's report, FPL Group's board of directors (with only independent directors participating) concluded likewise. On September 27, 2002, FPL Group, as nominal defendant, filed the special committee's report in the public docket and filed with the court a Statement of Position setting forth the special committee's and the board's conclusions and authorizing the filing of a motion to dismiss. The Statement of Position also reported that during the course of the special committee's investigation of the allegations in the lawsuits a separate question arose concerning the interpretation of the provisions of the LTIP pursuant to which the payments to eight senior officers were calculated. The board, the affected officers (two of whom have retired from FPL Group), and their respective legal counsel are discussing resolution of the issue. Any change from the original interpretation could result in a repayment to FPL Group of up to approximately $9 million.

In August 2001, FMPA filed with the DC Circuit a petition for review asking the DC Circuit to reverse and remand orders of the FERC denying FMPA's request for credits for transmission facilities owned by FMPA members. The parties to the DC Circuit proceeding (Petitioner FMPA, Respondent FERC and Intervenor FPL) completed the briefing schedule in September 2002 and oral argument before the DC Circuit is scheduled for November 19, 2002. The transmission credits sought by FMPA would offset the transmission charges that FPL bills FMPA for network transmission service to FMPA's member cities. FMPA member cities have been taking network transmission service under FPL's OATT since the mid-1990s. In the orders on appeal, FERC ruled that FMPA would be entitled to credits for any FMPA facilities that were "integrated" with the FPL transmission system. Based on the evidence submitted, FERC concluded that none of the FMPA facilities met the integration test and, therefore, FMPA was not entitled to credits against FPL's charges for transmission service. FPL believes that the record supports denying FMPA's petition for review. However, in the event that the DC Circuit remands the case to FERC and, on remand, FERC reverses its previous finding that FMPA is not entitled to transmission credits, FMPA is likely to seek refunds for amounts collected from FMPA member cities taking service under FPL's OATT. FPL estimates that through September 30, 2002 its maximum exposure to refunds, including interest, is approximately $68 million.

In addition to those legal proceedings discussed herein and in the 2001 Form 10-K, FPL Group and its subsidiaries, including FPL, are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements.

Item 5. Other Information

(a) Reference is made to Item 1. Business – FPL Operations – Competition in the 2001 Form 10-K for FPL Group and FPL.

For information regarding the modified RTO and GridFlorida, see Note 4.

(b) Reference is made to Item 1. Business – FPL Operations – Capital Expenditures in the 2001 Form 10-K for FPL Group and FPL.

For information regarding FPL's estimated capital expenditures through 2005, see Note 7 – Commitments.

(c) Reference is made to Item 1. Business – FPL Operations – Nuclear Operations in the 2001 Form 10-K for FPL Group and FPL.

In August 2002, the NRC issued a bulletin requiring all pressurized water reactor licensees, including FPL, to perform supplemental inspections of the reactor vessel heads to identify if degradation such as cracking or corrosion had occurred. During the St. Lucie Unit No. 1 scheduled refueling outage in October 2002, FPL performed the required inspections and found no degradation associated with the reactor vessel head. The required inspections at FPL's other three nuclear units are

scheduled to be performed during their next scheduled refueling outages in 2003. FPL anticipates that it will replace the reactor vessel heads at all of its nuclear units and has placed orders for long lead time components.

In April 2002, the governor of Nevada submitted a Notice of Disapproval to Congress regarding President Bush's recommendation to develop Yucca Mountain as a nuclear waste depository. The Yucca Mountain site is the Department of Energy's recommended location to store and dispose of spent nuclear fuel and high-level radioactive waste. During May and July 2002, Congress overrode the disapproval notice through a majority vote of both houses. The President signed the joint resolution of Congress into law on July 23, 2002. The state of Nevada has initiated legal actions to attempt to block the project.

(d) Reference is made to Item 1. Business – FPL Operations – Energy Marketing and Trading in the 2001 Form 10-K for FPL Group and FPL.

In August 2002, the FPSC approved a hedging program effective January 1, 2003. The hedging program is intended to reduce the risk of unexpected fuel price volatility and will be reviewed by the FPSC as part of the annual review of fuel costs.

(e) Reference is made to Item 1. Business – FPL Operations – Electric and Magnetic Fields (EMF) in the 2001 Form 10-K for FPL Group and FPL.

In October 2002, the California Department of Health Services submitted its EMF Risk Evaluation report to the California Public Utility Commission. The report concludes in part that "EMFs can cause some degree of increased risk of childhood leukemia, adult brain cancer, Lou Gehrig's Disease and miscarriage." The report also finds that the risk, while potentially low across the entire population, nonetheless may be sufficient to warrant regulatory attention. Florida has had EMF regulations in place for many years, and FPL believes it is in compliance with the Florida Department of Environmental Protection (FDEP) regulations regarding EMF levels within and at the edge of the rights of way for transmission lines. Future changes in the FDEP regulations could require additional capital expenditures by FPL for such things as increasing the right of way corridors or relocating or reconfiguring transmission facilities. It is not presently known whether any such expenditures will be required. Currently, there are no such changes proposed to the FDEP regulations.

(f) Reference is made to Item 1. Business – FPL Energy Operations in the 2001 Form 10-K for FPL Group and FPL.

For information regarding the effect of the declining wholesale energy market on FPL Energy, see Note 6 – FPL Energy.

For information regarding FPL Energy's estimated capital expenditures through 2005, see Note 7 – Commitments.

For information regarding the acquisition of Seabrook, see Note 10.

For information regarding FPL Energy's capacity under contract or sold forward for 2003, see Management's Discussion – Results of Operations – FPL Energy.

(g) Reference is made to Item 1. Business – Other FPL Group Operations in the 2001 Form 10-K for FPL Group and FPL.

For information regarding the effect of the changing telecommunications market on FPL FiberNet, see Note 6 – Corporate and Other.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description	FPL Group	FPL
*10(a)	Generic Form of Executive Retention Employment Agreement between FPL Group and each of Moray P. Dewhurst, Ronald F. Green, John A. Stall and James L. Robo (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	x
12(a)	Computation of Ratio of Earnings to Fixed Charges	x	
12(b)	Computation of Ratios		x
99(a)	Section 906 Certification of Chief Executive Officer of FPL Group	x	
99(b)	Section 906 Certification of Chief Financial Officer of FPL Group	x	
99(c)	Section 906 Certification of Chief Executive Officer of FPL		x
99(d)	Section 906 Certification of Chief Financial Officer of FPL		x

*Incorporated herein by reference

FPL Group and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that FPL Group and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed with the SEC on August 12, 2002 by FPL Group reporting one event under Item 5. Other Events and filing exhibits under Item 7. Financial Statements and Exhibits.

A Current Report on Form 8-K was filed with the SEC on September 27, 2002 by FPL Group and FPL reporting events under Item 5. Other Events and Regulation FD Disclosure.

A Current Report on Form 8-K was filed with the SEC on September 30, 2002 by FPL Group and FPL reporting one event under Item 5. Other Events and Regulation FD Disclosure and filing exhibits under Item 7. Financial Statements and Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

FPL GROUP, INC.
FLORIDA POWER & LIGHT COMPANY
(Registrants)

Date: November 12, 2002

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer of FPL Group, Inc.
Vice President, Accounting, Controller and
Chief Accounting Officer of Florida Power & Light Company
(Principal Accounting Officer of the Registrants)

CERTIFICATIONS

I, Lewis Hay III, Chief Executive Officer of FPL Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

I, Moray P. Dewhurst, Vice President, Finance and Chief Financial Officer of FPL Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer

I, Lewis Hay III, Chief Executive Officer of Florida Power & Light Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

I, Moray P. Dewhurst, Senior Vice President, Finance and Chief Financial Officer of Florida Power & Light Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer

Exhibit 12(a)

FPL GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2002 (millions)
Earnings, as defined:	
Income before cumulative effect of a change in accounting principle	$ 566
Income taxes	199
Fixed charges, included in the determination of net income, as below	244
Amortization of capitalized interest	1
Distributed income of independent power investments	55
Less: Equity in earnings of equity method investees	51
Total earnings, as defined	$ 1,014
Fixed charges, as defined:	
Interest charges	$ 234
Rental interest factor	8
Fixed charges included in nuclear fuel cost	2
Fixed charges, included in the determination of net income	244
Capitalized interest	65
Total fixed charges, as defined	$ 309
Ratio of earnings to fixed charges	3.28

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Nine Months Ended September 30, 2002 (millions)
RATIO OF EARNINGS TO FIXED CHARGES	
Earnings, as defined:	
Net income	$ 618
Income taxes	357
Fixed charges, as below	134
Total earnings, as defined	$ 1,109
Fixed charges, as defined:	
Interest charges	$ 126
Rental interest factor	6
Fixed charges included in nuclear fuel cost	2
Total fixed charges, as defined	$ 134
Ratio of earnings to fixed charges	8.28
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	
Earnings, as defined:	
Net income	$ 618
Income taxes	357
Fixed charges, as below	134
Total earnings, as defined	$ 1,109
Fixed charges, as defined:	
Interest charges	$ 126
Rental interest factor	6
Fixed charges included in nuclear fuel cost	2
Total fixed charges, as defined	134
Non-tax deductible preferred stock dividends	11
Ratio of income before income taxes to net income	1.58
Preferred stock dividends before income taxes	17
Combined fixed charges and preferred stock dividends	$ 151
Ratio of earnings to combined fixed charges and preferred stock dividends	7.34

Exhibit 99(a)

FPL GROUP, INC.

Certification Of Periodic Report

I, Lewis Hay III, Chairman of the Board and Chief Executive Officer of FPL Group, Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL Group, Inc. for the quarterly period ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL Group, Inc.

Dated: November 12, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

Exhibit 99(b)

FPL GROUP, INC.

Certification Of Periodic Report

I, Moray P. Dewhurst, Vice President, Finance and Chief Financial Officer of FPL Group, Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL Group, Inc. for the quarterly period ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL Group, Inc.

Dated: November 12, 2002

MORAY P. DEWHURST

Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer

Exhibit 99(c)

FLORIDA POWER & LIGHT COMPANY

Certification Of Periodic Report

I, Lewis Hay III, Chairman of the Board and Chief Executive Officer of Florida Power & Light Company ("FPL"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL for the quarterly period ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL.

Dated: November 12, 2002

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

Exhibit 99(d)

FLORIDA POWER & LIGHT COMPANY

Certification Of Periodic Report

I, Moray P. Dewhurst, Senior Vice President, Finance and Chief Financial Officer of Florida Power & Light Company ("FPL"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of FPL for the quarterly period ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FPL.

Dated: November 12, 2002

MORAY P. DEWHURST

Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2002**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

		Name of exchange on which registered
Securities registered pursuant to Section 12(b) of the Act:		
FPL Group, Inc.:	Common Stock, $0.01 Par Value and Preferred Share Purchase Rights	New York Stock Exchange
	Corporate Units	New York Stock Exchange
	8% Corporate Units	New York Stock Exchange
Florida Power & Light Company:	None	

Securities registered pursuant to Section 12(g) of the Act:

FPL Group, Inc.: None

Florida Power & Light Company: Preferred Stock, $100 Par Value

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether FPL Group, Inc. is an accelerated filer as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes X No __

Indicate by check mark whether Florida Power & Light Company is an accelerated filer as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes __ No X

Aggregate market value of the voting stock of FPL Group, Inc. held by non-affiliates as of June 30, 2002 (based on the closing market price on the Composite Tape on June 30, 2002) was $10,874,229,706 (determined by subtracting from the number of shares outstanding on that date the number of shares held by directors and officers of FPL Group, Inc.).

There was no voting stock of Florida Power & Light Company held by non-affiliates as of February 28, 2003.

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding at February 28, 2003: 183,040,592 shares.

As of February 28, 2003, there were issued and outstanding 1,000 shares of Florida Power & Light Company common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of FPL Group, Inc.'s Proxy Statement for the 2003 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
ASLB	Atomic Safety and Licensing Board
capacity clause	capacity cost recovery clause
charter	restated articles of incorporation, as amended, of FPL Group or FPL, as the case may be
DOE	U.S. Department of Energy
EMF	electric and magnetic fields
EMT	energy Marketing & Trading
environmental clause	environmental compliance cost recovery clause
ERCOT	Electric Reliability Council of Texas
EPA	U.S. Environmental Protection Agency
FAS	Statement of Financial Accounting Standards No.
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FIN	FASB Interpretation No.
FMPA	Florida Municipal Power Agency
FPL	Florida Power & Light Company
FPL Energy	FPL Energy, LLC
FPL FiberNet	FPL FiberNet, LLC
FPL Group	FPL Group, Inc.
FPL Group Capital	FPL Group Capital Inc
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause
GridFlorida	GridFlorida LLC
Holding Company Act	Public Utility Holding Company Act of 1935, as amended
IARC	International Agency for Research on Cancer
ISO	independent system operator
JEA	Jacksonville Electric Authority
kv	kilovolt
kwh	kilowatt-hour
lbs/mwh	pounds per megawatt hour
MAIN	Mid-America Interconnected Network
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MAPP	Mid-Continent Area Power Pool
mortgage	FPL's mortgage and deed of trust dated as of January 1, 1944, as supplemented and amended
mw	megawatt(s)
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Council
Note ___	note ___ to consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
Nuclear Waste Policy Act	Nuclear Waste Policy Act of 1982
NYPP	New York Power Pool
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OCI	other comprehensive income
PFS	Private Fuel Storage, LLC
PJM	PJM Interconnection
PMI	FPL Energy Power Marketing, Inc.
Public Counsel	State of Florida Office of Public Counsel
PURPA	Public Utility Regulatory Policies Act of 1978, as amended
qualifying facilities	non-utility power production facilities meeting the requirements of a qualifying facility under the PURPA
Reform Act	Private Securities Litigation Reform Act of 1995
ROE	return on common equity
RTOs	regional transmission organizations
Seabrook	Seabrook Station
SEC	Securities and Exchange Commission
SERC	Southeastern Electric Reliability Council
SPE	special purpose entity
SPP	Southwest Power Pool
storm fund	storm and property insurance reserve fund
VIE	variable interest entity
WECC	Western Electricity Coordinating Council

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

In connection with the safe harbor provisions of the Reform Act, FPL Group and FPL are hereby filing 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 combined Form 10-K, in presentations, 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, estimated, 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 after the date on which such statement is made or to reflect the occurrence of unanticipated events. 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 changes in laws or regulations, including the PURPA and the Holding Company Act, changing governmental policies and regulatory actions, including those of the FERC, the FPSC and the 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, 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, 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 of 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 relating to air quality, water quality, waste management, natural resources and health and safety that could, among other things, restrict or limit the use of certain fuels required for the production of electricity. 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 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.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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 additional regulatory actions up to and including shut down 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 FPL Energy operating facility 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.

- 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 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.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In addition, FPL's use of such instruments could be subject to prudency challenges by the FPSC and if found imprudent, cost disallowance.

- There are other risks associated with FPL Group's nonregulated businesses, particularly FPL Energy. 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 price and supply of fuel, 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 its 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 is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- 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 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 interest costs.

- FPL Group's and FPL's results of operations can be 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. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

- 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 rates or policies, rates of inflation or accounting standards.

- 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.

- 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 events as well as company-specific events.

- 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 or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

PART I

Item 1. Business

FPL GROUP

FPL Group is a public utility holding company, as defined in the Holding Company Act. It was incorporated in 1984 under the laws of Florida. FPL Group's principal subsidiary, FPL, is engaged in the generation, transmission, distribution and sale of electric energy. FPL Group Capital, a wholly-owned subsidiary of FPL Group, holds the capital stock and provides funding for the operating subsidiaries other than FPL. The business activities of these operating subsidiaries primarily consist of FPL Energy's non-rate regulated power projects. For financial information regarding FPL Group's business segments, see Note 18. At December 31, 2002, FPL Group and its subsidiaries employed 11,577 persons.

FPL Group is exempt from substantially all of the provisions of the Holding Company Act on the basis that FPL Group's and FPL's businesses are predominantly intrastate in character and carried on substantially in a single state in which both are incorporated.

Website Access to SEC Filings. FPL Group and FPL make their annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on the internet website, www.fplgroup.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC.

FPL OPERATIONS

General. FPL was incorporated under the laws of Florida in 1925 and is a wholly-owned subsidiary of FPL Group. FPL supplies electric service to a population of nearly eight million throughout most of the east and lower west coasts of Florida. During 2002, FPL served approximately 4.0 million customer accounts. The percentage of FPL operating revenues by customer class were as follows:

	Years Ended December 31,		
	2002	2001	2000
Residential	55%	56%	55%
Commercial	36%	38%	36%
Industrial	3%	3%	3%
Other, including the provision for retail rate refund and the net change in unbilled revenues	6%	3%	6%
	100%	100%	100%

FPL currently holds 173 franchise agreements with varying expiration dates to provide electric service in various municipalities and counties in Florida. FPL considers its franchises to be adequate for the conduct of its business.

Regulation. FPL's retail operations provided approximately 99% of FPL's 2002 operating revenues. Retail operations are regulated by the FPSC which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities and other matters. FPL is also subject to regulation by the FERC in various respects, including the acquisition and disposition of facilities, interchange and transmission services and wholesale purchases and sales of electric energy.

FPL's nuclear power plants are subject to the jurisdiction of the NRC. NRC regulations govern the granting of licenses for the construction and operation of nuclear power plants and subject these plants to continuing review and regulation.

Environmental. Federal, state and local environmental laws and regulations cover air and water quality, land use, power plant and transmission line siting, EMF from power lines and substations, oil discharge from transformers, lead paint, asbestos, noise and aesthetics, solid waste, natural resources and other environmental matters. Compliance with these laws and regulations increases the cost of electric service by requiring, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. During 2002, FPL spent approximately $12 million on capital additions to comply with environmental laws and regulations. FPL's capital expenditures to comply with environmental laws and regulations are estimated at $100 million for 2003 through 2005, including approximately $39 million in 2003, and are included in projected capital expenditures set forth in Capital Expenditures below. Environmental regulations are subject to change. The following is a discussion of emerging federal initiatives that could potentially affect FPL:

Climate Change – In 2002, President Bush announced new climate change initiatives for the United States, among which is a voluntary commitment to reduce the greenhouse gas intensity of United States emissions by 18% by 2012. The Bush administration is currently seeking commitments from various industrial sectors and individual companies to reach this goal. FPL Group has responded to the administration's request by becoming a charter signatory to the Administration's Climate Leaders Program. In this voluntary program, FPL Group will inventory its greenhouse gas emissions and will negotiate with EPA to set a future emissions reduction target. FPL Group believes that the planned operation of its generating portfolio, along with its current efficiency initiatives and greenhouse gas management efforts, will allow it to achieve a reduction in its rate of emissions to generation (lbs/mwh).

In addition to the voluntary initiative, the United States Congress is considering several legislative proposals that would establish new mandatory regulatory requirements and reduction targets for greenhouse gases. Based on reference data from government sources, FPL Group is among the lowest emitters of greenhouse gases measured by its rate of emissions to generation (lbs/mwh). However, these legislative proposals have differing methods of implementation and the impact on FPL Group's generating units and/or the financial impact to FPL Group and FPL could be material (either positive or negative), depending on the eventual structure of a mandatory program.

Multi-Pollutant Legislation – The United States Congress and the Bush administration are considering several legislative proposals that would establish new regulatory requirements and reduction targets for sulfur dioxide, nitrogen oxide, mercury, and in some proposals, carbon dioxide. Based on reference data from government sources, FPL Group is among the lowest generators of these emissions when measured by its rate of emissions to generation (lbs/mwh). However, these multi-pollutant proposals have differing methods of implementation and the impact on FPL Group's generating units and/or the financial impact to FPL Group and FPL could be material (either positive or negative), depending on the eventual structure of any legislation enacted.

Retail Ratemaking. The underlying concept of utility ratemaking is to set rates at a level that allows the utility the opportunity to collect from customers total revenues (revenue requirements) equal to its cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms.

The basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base approximates FPL's weighted-average cost of capital, which includes its costs for debt and preferred stock and an allowed ROE. The FPSC monitors FPL's actual ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that the allowed ROE will be achieved. Base rates are determined in rate proceedings, which occur at irregular intervals at the initiative of FPL, the FPSC, Public Counsel or a substantially affected party.

In March 2002, the FPSC approved a new rate agreement regarding FPL's retail base rates, which became effective April 15, 2002 and expires December 31, 2005. The 2002-2005 rate agreement replaced a rate agreement that was effective April 15, 1999 through April 14, 2002. Both agreements include a revenue sharing mechanism for each of the twelve-month periods covered by the agreement, whereby revenues from retail base operations in excess of a stated threshold are required to be shared on the basis of two-thirds refunded to retail customers and one-third retained by FPL. Revenues from retail base operations in excess of a second threshold are required to be refunded 100% to retail customers.

The 1999-2002 rate agreement allowed FPL at its discretion to recover, as special depreciation, up to $100 million in each year of the three-year agreement period. The additional depreciation recovery was required to be applied to nuclear and/or fossil generating assets based on future depreciation studies. See Note 1 – Revenues and Rates and Electric Plant, Depreciation and Amortization. During the term of the agreement, FPL's ROE was from time to time outside the 10% – 12% authorized range. However, the revenue sharing mechanism described above was specified as the appropriate and exclusive mechanism to address that circumstance. The agreement included provisions which limited depreciation rates and accruals for nuclear decommissioning and fossil dismantlement costs to the then approved levels and limited amounts recoverable under the environmental clause during the term of that agreement.

The 2002-2005 rate agreement provides for a $250 million annual reduction in retail base revenues allocated to all customers by reducing customers' base rates and service charges by approximately 7%. The revenue sharing thresholds specified in the 2002-2005 rate agreement are as follows:

	Years Ended December 31,			
	2002[(a)]	2003	2004	2005
	(millions)			
66 2/3% to customers	$ 3,580	$ 3,680	$ 3,780	$ 3,880
100% to customers	$ 3,740	$ 3,840	$ 3,940	$ 4,040

(a) Refund is limited to 71.5% (representing the period April 15 through December 31, 2002) of the revenues from base rate operations exceeding the thresholds.

During the term of the 2002-2005 rate agreement, FPL will not have an authorized regulatory ROE range for the purpose of addressing earnings levels. However, FPL will continue to file monthly earnings surveillance reports with the FPSC and if the reported ROE falls below 10% during the term of the 2002-2005 rate agreement, FPL may petition the FPSC to amend its base rates. The 2002-2005 rate agreement would terminate on the effective date of any final order issued in a proceeding that changes FPL's base rates. See Note 1 – Revenues and Rates. Under the 2002-2005 rate agreement, depreciation will be reduced on FPL's plant in service by $125 million in each year 2002 through 2005.

In April 2002, the South Florida Hospital and Healthcare Association and certain hospitals filed a joint notice of administrative appeal with the FPSC and the Supreme Court of Florida appealing the FPSC's approval of the 2002-2005 rate agreement. The appellants contend that the FPSC rushed to judgment and approved the settlement without the benefit of any evidentiary record to support its actions, and requested that the Supreme Court remand the case to the FPSC for additional proceedings. Initial briefs, answer briefs and a reply brief were filed by the parties during 2002. Oral arguments are expected to take place in mid-2003. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the 2002-2005 rate agreement will be upheld.

Fuel costs are recovered through levelized charges per kwh established pursuant to the fuel clause and totaled $2.7 billion in 2002. These charges are calculated annually based on estimated fuel costs and estimated customer usage for the following year, plus or minus a true-up adjustment to reflect the variance of actual costs and usage from the estimates used in setting the fuel adjustment charges for prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect a projected variance based on actual costs and usage. During 2002, the FPSC approved a risk management fuel procurement program effective January 1, 2003. The program is intended to reduce the risk of unexpected fuel price volatility and the results will be reviewed by the FPSC as part of the annual review of fuel costs. See Management's Discussion – Results of Operations, Note 1 – Regulation and Note 5.

Capacity payments to other utilities and generating companies for purchased power are recovered through the capacity clause and base rates. In 2002, $506 million was recovered through the capacity clause. Costs associated with implementing energy conservation programs totaled $78 million in 2002 and were recovered through the energy conservation cost recovery clause. Costs of complying with federal, state and local environmental regulations enacted after April 1993 are recovered through the environmental clause to the extent not included in base rates. The 1999-2002 rate agreement limited recovery of costs through the environmental clause. There is no similar provision in the 2002-2005 rate agreement; consequently prudent environmental costs incurred during this period not included in base rates will be recoverable under the environmental clause.

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include, among others, O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable and costs associated with the construction or acquisition of new facilities.

Competition. FPL currently faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources and self-generation for other customer groups, primarily industrial customers. In 2002, operating revenues from wholesale and industrial customers combined represented approximately 4% of FPL's total operating revenues. Various states, other than Florida, have enacted legislation or have state commissions that have issued orders designed to allow retail customers to choose their electricity supplier. This regulatory restructuring is expected to result in a shift from cost-based rates to market-based rates for energy production and other services provided to retail customers. Although the legislation and initiatives vary substantially, common areas of focus include when market-based pricing will be available for wholesale and retail customers, what existing prudently incurred costs in excess of the market-based price will be recoverable and whether generating assets should be separated from transmission, distribution and other assets. It is generally believed transmission and distribution activities would remain regulated. Recently, these state restructuring efforts have diminished and several states have delayed the implementation or reversed previously approved restructuring legislation and rules. Management believes it is unlikely there will be any state actions to restructure the electric industry in Florida in the near future.

The FPSC promotes competition for building major new steam generating capacity by requiring investor-owned electric utilities, such as FPL, to issue a request for proposal. The request for proposal process allows independent power producers and others to bid to supply the needed generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generation capacity of the type proposed, the investor-owned electric utility would seek to negotiate a power purchase agreement with the selected bidder and request that the FPSC authorize the construction of the bidder's generation capacity under the terms of the power purchase agreement. In 2002, FPL received approval to construct new generation at its Martin and Manatee sites. See System Capability and Load.

The FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. In 1999, the FERC issued its final order on RTOs which, under a variety of structures, provides for the independent operation of transmission systems for a given geographic area. In March 2001, the FERC approved GridFlorida (FPL's, Progress Energy Florida, Inc.'s and Tampa Electric Company's proposed RTO) as the RTO for peninsular Florida. In December 2001, the FPSC determined that the RTO as proposed was not in the best interest of Florida customers and required the companies to develop a modified proposal. In March 2002, FPL, Progress Energy Florida, Inc. and Tampa Electric Company filed a modified RTO proposal with the FPSC changing the structure of GridFlorida from a for-profit transmission company to a non-profit ISO. Under the proposal, FPL would continue to own its transmission lines and the ISO would manage them. In September 2002, the FPSC approved many of the aspects of the modified RTO proposal, allowing recovery of GridFlorida's incremental costs through the capacity clause and setting a hearing date of October 31, 2002 on market design and other outstanding issues. In October 2002, Public Counsel filed a notice of administrative appeal with the Supreme Court of Florida seeking an appeal of the FPSC's order, which caused an automatic stay of the proceedings. On October 28, 2002, the FPSC ordered that the GridFlorida proceedings be held in abeyance pending Public Counsel's appeal. On December 12, 2002, Public Counsel filed their brief. Public Counsel contends that the FPSC should not approve the ISO proposal because the FPSC cannot voluntarily abdicate its jurisdiction over retail transmission rates and transmission planning and the ISO will not be subject to the FPSC's jurisdiction. Oral arguments are scheduled for May 6, 2003. A ruling from the Supreme Court of Florida is expected in late 2003.

In July 2002, the FERC issued a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would, among other things, require FERC regulated entities, including FPL, that own, control or operate transmission facilities to hire an independent transmission provider, which can be an RTO such as GridFlorida for the operation of those facilities. The proposed rule also will require the independent transmission provider to administer various spot markets for the sale of electricity and ancillary services and to manage congestion on the transmission system using financial congestion rights. State regulators from the southeast and western states have expressed strong reservations about FERC's proposal. FPL is evaluating the proposed rule and is currently unable to determine the effects, if any, on FPL's operations. The FERC has announced it will be issuing a "white paper" in April 2003 incorporating comments received on its proposed rule. The "white paper" will re-examine the schedule, which had originally proposed full implementation of the standard market design by September 2004. The FERC will allow parties to file comments on the "white paper" before issuing its final order this fall.

In the event the basis of regulation for some or all of FPL's business changes from cost-based regulation, existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. Further, other aspects of the business, such as generation assets and long-term power purchase commitments, would need to be reviewed to assess their recoverability in a changed regulatory environment. See Note 1 – Regulation.

System Capability and Load. As of December 31, 2002, FPL's resources for serving load consisted of 20,938 mw, of which 17,641 mw are from FPL-owned facilities (see Item 2. Properties – Generating Facilities) and 3,297 mw are obtained through purchased power contracts. See Note 17 – Contracts. Customer usage and operating revenues are typically higher during the summer months largely due to the prevalent use of air conditioning in FPL's service territory. FPL set a record all-time summer energy peak on August 1, 2002, of 19,219 mw. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time. The highest peak FPL has served to date was a winter peak of 20,190 mw, which occurred on January 24, 2003. FPL had adequate resources available at the time of these peaks to meet customer demand.

In 2000, with the FPSC's approval, FPL and two other Florida utilities voluntarily adopted a 20% reserve margin target to be achieved by the summer of 2004. FPL's projected reserve margin for summer of 2003 is expected to be 20%. This reserve margin will be achieved through the combination of output from FPL's generating units, purchased power contracts and the capability to reduce peak demand through the implementation of load management, which was estimated to be 1,474 mw at December 31, 2002.

FPL expects to complete the addition of two new gas-fired combustion turbines at its Fort Myers site and the repowering of Sanford Unit No. 4, which together will add approximately 1,300 mw by mid-2003. During 2002, FPL received approval from the FPSC to add a total of approximately 1,900 mw of natural gas combined cycle generation at its Martin and Manatee sites with a planned in-service date of June 2005. In January 2003, CPV Gulfcoast, Ltd. filed a notice of appeal with the Supreme Court of Florida challenging the FPSC's approval. The expansion of Martin and Manatee is also subject to approval by a Siting Board (governor and cabinet) under the Florida Electrical Power Plant Siting Act with a decision expected to be issued by June 2003.

Capital Expenditures. Capital expenditures at FPL consist of the cost for construction or acquisition of additional facilities and equipment to meet customer demand. FPL's capital expenditures totaled $1.3 billion in 2002, $1.1 billion in 2001 and $1.3 billion in 2000. Capital expenditures for 2003 through 2007 are estimated to be as follows:

	2003	2004	2005	2006	2007	Total
			(millions)			
Generation	$ 595	$ 605	$ 425	$ 200	$ 165	$ 1,990
Transmission	150	185	140	135	140	750
Distribution	510	520	510	515	525	2,580
General and other	110	135	115	125	120	605
Total	$ 1,365	$ 1,445	$ 1,190	$ 975	$ 950	$ 5,925

These estimates are subject to continuing review and adjustment, and actual capital expenditures may vary from this estimate. See Management's Discussion – Liquidity and Capital Resources.

Nuclear Operations. FPL owns and operates four nuclear units, two at Turkey Point and two at St. Lucie. In June 2002, the NRC extended the operating licenses for Turkey Point Units Nos. 3 and 4, which will allow operation of these units until 2032 and 2033, respectively. FPL has not yet decided whether to exercise the option to operate past the original license expiration dates of 2012 and 2013. Nevertheless, FPL is continuing to take actions to ensure the long-term viability of the units in order to preserve this option. This decision will be made by 2007. Any adjustment to depreciation and decommissioning rates would require FPSC approval. The operating licenses for St. Lucie Units Nos. 1 and 2 expire in 2016 and 2023, respectively. In 2001, FPL filed with the NRC applications for 20-year license extensions for the St. Lucie units and expects a ruling from the NRC in the fall of 2003. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs and certain other modifications. The NRC's regulations require FPL to submit a plan for decontamination and decommissioning five years prior to the projected end of plant operation. FPL's current plans, under the existing operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2012 and 2013, respectively. Current plans provide for St. Lucie Unit No. 1 to be mothballed beginning in 2016 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 beginning in 2023. See

estimated cost data in Note 1 – Decommissioning and Dismantlement of Generating Plant.

In February 2003, the NRC issued an order, subsequent to an NRC bulletin issued in August 2002, requiring all pressurized water reactor licensees, including FPL, to perform visual and volumetric inspections of reactor vessel heads at each unit's scheduled refueling outage to identify if degradation such as cracking or corrosion has occurred. During the scheduled refueling outages for St. Lucie Unit No. 1 in October 2002 and Turkey Point Unit No. 3 in March 2003, FPL performed visual and volumetric inspections and found no degradation associated with the reactor vessel heads. Visual inspections at St. Lucie Unit No. 2 during 2001 and at Turkey Point Unit No. 4 during 2002 revealed no degradation associated with the reactor vessel heads. FPL anticipates that it will replace the reactor vessel heads at all of its nuclear units over a three-year period beginning in 2004 and has placed orders for long-lead time components. The estimated cost for the reactor vessel heads is included in capital expenditures above.

Fuel. FPL's generating plants use a variety of fuels. See Item 2. Properties – Generating Facilities and Note 17 – Contracts. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve an economical fuel mix.

FPL has four firm transportation contracts in place with FGT that together will satisfy substantially all of the anticipated needs for natural gas transportation at its existing units and the Fort Myers and Sanford additions currently under construction. The four existing contracts expire in 2015, 2021 and 2022, but each can be extended at FPL's option. To the extent desirable, FPL can also purchase interruptible gas transportation service from FGT based on pipeline availability. FPL has several short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's gas requirements are purchased under other contracts and in the spot market.

FPL has, through its joint ownership interest in St. Johns River Power Park (SJRPP) Units Nos. 1 and 2, long-term coal supply and transportation contracts for a portion of the fuel needs for those units. All of the transportation requirements and a portion of the fuel supply needs for Scherer Unit No. 4 are covered by a series of annual and long-term contracts. The remaining fuel requirements will be obtained in the spot market. FPL's oil requirements are obtained under short-term contracts and in the spot market.

FPL leases nuclear fuel for all four of its nuclear units. Currently, FPL is storing spent fuel on site pending its removal by the DOE. See Note 1 – Nuclear Fuel. Under the Nuclear Waste Policy Act, the DOE was required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. Through December 2002, FPL has paid approximately $473 million in such fees to the DOE's nuclear waste fund. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 1997, a court ruled, in response to petitions filed by utilities, state governments and utility commissions, that the DOE could not assert a claim that its delay was unavoidable in any defense against lawsuits by utilities seeking money damages arising out of the DOE's failure to perform its obligations. In 1998, FPL filed a lawsuit against the DOE seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from FPL's nuclear power plants. The matter is pending. In the interim, FPL is investigating other alternatives to provide adequate storage capacity for all of its spent nuclear fuel. Based on current projections, FPL will lose its ability to store spent fuel on site for St. Lucie Unit No. 1 in 2005, St. Lucie Unit No. 2 in 2007, Turkey Point Unit No. 3 in 2007 and Turkey Point Unit No. 4 in 2009. In addition, degradation in a material used in the spent fuel pools at St. Lucie Unit No. 1 and Turkey Point Units Nos. 3 and 4 could result in implementation of alternative spent fuel storage options sooner than projected. FPL has awarded contracts to install additional storage racks in its existing spent fuel pools at all four of its nuclear units, the estimated cost of which is included in capital expenditures above. Once installed, these racks will extend the storage capacity such that the ability to store spent fuel will not be lost until 2008 at St. Lucie Unit No. 1, 2012 at St. Lucie Unit No. 2, 2010 at Turkey Point Unit No. 3 and 2012 at Turkey Point Unit No. 4. FPL is pursuing various approaches to further expand spent fuel storage at the sites, including increasing rack space in its existing spent fuel pools and/or developing the capacity to store spent fuel in dry storage containers. The dry storage containers could be located at FPL's nuclear plant sites and/or at a facility operated by PFS in Utah. PFS is a consortium of eight utilities seeking to license, construct and operate an independent spent fuel storage facility. FPL joined the consortium in May 2000. PFS has filed a license application with the NRC. Hearings on the application have been completed. On March 10, 2003, the NRC's ASLB ruled that PFS must address the consequences of a hypothetical military aircraft accident into the proposed facility before such facility can be licensed. PFS has not decided whether to challenge the finding in an appeal to the NRC or whether to address the consequences in further proceedings before the ASLB. Licensing decisions on other issues litigated during the hearings are pending before the ASLB.

In April 2002, the governor of Nevada submitted a Notice of Disapproval to Congress regarding President Bush's recommendation to develop Yucca Mountain as a nuclear waste depository. The Yucca Mountain site is the DOE's recommended location to store and dispose of spent nuclear fuel and high-level radioactive waste. During May and July 2002, Congress overrode the disapproval notice through a majority vote of both houses. The President signed the joint resolution of Congress into law on July 23, 2002. The State of Nevada has initiated legal actions to attempt to block the project.

Energy Marketing and Trading. EMT, a division of FPL, buys and sells wholesale energy commodities, such as natural gas, oil and electric power. EMT procures natural gas and oil for FPL's use in power generation and sells excess gas and electric power. EMT also uses derivative instruments, such as swaps, options, futures and forwards to manage the commodity price risk inherent in fuel purchases and electricity sales and purchases. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity and Note 5.

Electric and Magnetic Fields. In recent years, public, scientific and regulatory attention has been focused on possible adverse health effects of EMF. These fields are created whenever electricity flows through a power line or an appliance. Several epidemiological (i.e., statistical) studies have suggested a linkage between EMF and certain types of cancer, including childhood leukemia and adult lymphoma associated with occupational exposure; other studies have been inconclusive, contradicted earlier studies or have shown no such linkage. Neither these epidemiological studies nor clinical studies have produced any conclusive evidence that EMF does or does not cause adverse health effects. In 1999, the National Institute of Environmental Health Sciences, at the culmination of a five-year federally supported research effort, pronounced that the scientific support for an EMF-cancer link is marginal and concluded that the probability that EMF exposure is truly a health hazard is small but cannot be completely discounted. In 2001, the IARC conducted an evaluation of power frequency EMF and cancer; it classified power frequency magnetic fields as "possibly carcinogenic" based on an association with childhood leukemia reported in some epidemiology studies. The IARC did not conclude that power frequency EMF cause or contribute to the development of childhood leukemia or any other cancer.

In 2002, the California Department of Health Services submitted its EMF Risk Evaluation report to the California Public Utility Commission. The report concludes in part that "EMFs can cause some degree of increased risk of childhood leukemia, adult brain cancer, Lou Gehrig's Disease and miscarriage." The report also finds that the risk, while potentially low across the entire population, nonetheless may be sufficient to warrant regulatory attention.

Florida has had EMF regulations in place for many years, and FPL believes it is in compliance with the FDEP regulations regarding EMF levels within and at the edge of the rights of way for transmission lines. Future changes in the FDEP regulations could require additional capital expenditures by FPL for such things as increasing the right of way corridors or relocating or reconfiguring transmission facilities. It is not presently known whether any such expenditures will be required. Currently, there are no such changes proposed to the FDEP regulations.

Employees. FPL had 9,612 employees at December 31, 2002. Approximately 34% of the employees are represented by the International Brotherhood of Electrical Workers (IBEW) under a collective bargaining agreement with FPL that will expire October 31, 2004.

FPL ENERGY OPERATIONS

General. FPL Energy, a wholly-owned subsidiary of FPL Group Capital, was formed in 1998 to aggregate FPL Group's existing non-rate regulated energy-related operations. It is a limited liability company organized under the laws of Delaware. FPL Energy owns, develops, constructs, manages and operates domestic electric-generating facilities in wholesale energy markets. At December 31, 2002, FPL Energy had net generating capability totaling 7,250 mw, of which 6,700 mw consisted of ownership interests in operating independent power projects (see Item 2. Properties – Generating Facilities) and 550 mw of leased capacity (see Management's Discussion - Results of Operations - FPL Energy). Generation capacity spans various regions thereby reducing seasonal volatility on a portfolio basis. At December 31, 2002, the percentage of capacity by NERC region or power pool was:

NERC Region/Power Pool	Percentage of Generation Capacity
NEPOOL/NYPP (Northeast)	40%
MAPP/MAIN/SPP/ERCOT (Central)	32%
SERC/PJM (Mid-Atlantic)	17%
WECC (West)	11%

Fuel sources for these projects were as follows:

Fuel Source	Percentage of Generation Capacity
Natural Gas	44%
Wind	24%
Nuclear	14%
Oil	11%
Hydro	5%
Other	2%

FPL Energy is actively involved in managing more than 84% of its projects, which represent approximately 96% of the net generating capacity in which FPL Energy has an ownership interest.

As a result of FPL Energy's continued growth, capital expenditures and investments totaled approximately $2.103 billion, $1.977 billion and $507 million in 2002, 2001 and 2000, respectively. Capital expenditures for 2003 through 2007 are estimated to be as follows:

	2003	2004	2005	2006	2007	Total
			(millions)			
FPL Energy:						
Wind[a]	$ 1,165	$ -	$ -	$ -	$ -	$ 1,165
Gas	405	65	10	70	15	565
Nuclear	20	20	25	15	15	95
Total	$ 1,590	$ 85	$ 35	$ 85	$ 30	$ 1,825

(a) FPL Energy has projected capital expenditures for 1,200 mw of wind through 2003 when the production tax credits are scheduled to expire.

FPL Energy is currently constructing five gas-fired power plants with a total capacity of approximately 3,700 mw, and expects to add 700 to 1,200 mw of new wind generation by the end of 2003. FPL Energy expects its future portfolio growth to come from a mix of asset acquisitions and wind development (assuming the extension of the production tax credits beyond 2003).

In addition to the five gas-fired plants currently under construction, during 2002 FPL Energy had also been engaged in the development of various other natural gas projects. As a result of depressed economic conditions coupled with an oversupply of energy generating facilities in certain markets, projected profit margins for these projects had declined and were not sufficient to cover the cost of capital. Therefore, FPL Energy made a strategic decision during 2002 to substantially exit the fossil-fueled greenfield power plant development business for the foreseeable future. As a result, development costs associated with these abandoned projects were written off to expense. Furthermore, FPL Energy realigned its organizational structure during 2002 to lower general and administrative expenses and took other actions associated with the restructuring. See Management's Discussion – Results of Operations – FPL Energy.

Energy Marketing and Trading. PMI, a subsidiary of FPL Energy, buys and sells wholesale energy commodities, such as natural gas, oil and electric power. PMI procures natural gas and oil for FPL Energy's use in power generation and sells any excess gas. PMI also sells the output from FPL Energy's plants which has not been sold under long-term contracts and purchases replacement power. PMI uses derivative instruments, such as swaps, options, futures and forwards, to manage the risk associated with fluctuating commodity prices and to optimize the value of FPL Energy's power generation assets. To a lesser extent, PMI engages in limited energy trading activities to take advantage of expected future favorable price movements. The results of PMI's activities are recognized in FPL Energy's operating results. See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity, Note 1 – Energy Trading and Note 5.

Employees. FPL Energy had 1,832 employees at December 31, 2002. The IBEW and the Utility Workers Union of America (UWUA) represented approximately 7% and 11%, respectively, of FPL Energy's employees. The collective bargaining agreement between an FPL Energy subsidiary and the IBEW expires on February 29, 2008 and the collective bargaining agreement between an FPL Energy subsidiary and the UWUA expires on December 1, 2003.

Regulation. Currently, approximately 12% of FPL Energy's net generating capacity has qualifying facility status under the PURPA. FPL Energy's qualifying facilities generate electricity from wind, solar, fossil fuels, biomass or waste-product combustion. Qualifying facility status exempts the projects from, among other things, the application of the Holding Company Act, many provisions of the Federal Power Act, and state laws and regulations relating to rates and financial or organizational regulation of electric utilities. FPL Energy also has ownership interests in operating independent power projects that have received exempt wholesale generator status as defined under the Holding Company Act. These projects represent approximately 88% of FPL Energy's net generating capacity. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. FPL Energy's exempt wholesale generators produce electricity from wind, hydropower, fossil fuels and nuclear facilities. While projects with qualifying facility and exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Implementation of FERC's standard market design is not expected to have a significant impact on FPL Energy's business. Nodal locational marginal pricing, which is one feature of standard market design, was previously implemented in PJM and was implemented in NEPOOL in March 2003. No time frame has been announced for implementation of standard market design in other regions. See FPL Operations – Competition.

Environmental. FPL Energy is subject to the same environmental laws and regulations and is affected by the same emerging issues included in the discussion of FPL's business (see FPL Operations – Environmental). During 2002, FPL Energy spent approximately $70 million on capital additions to comply with environmental laws and regulations. FPL Energy's capital additions to comply with environmental laws and regulations are estimated to be $32 million for 2003 through 2005, including approximately $23 million in 2003 and are included in projected capital expenditures set forth in General above.

Competition. Expanded competition in a relaxed regulatory environment presents both opportunities and risks for FPL Energy. Opportunities exist for the selective acquisition of generation assets divested under deregulation plans and for the construction and operation of efficient plants that can sell power in competitive markets. Wholesale energy markets have experienced lower demand and lower wholesale electricity prices as a result of weather and economic conditions and the oversupply of generation in certain regions. FPL Energy seeks to minimize its market risk by having a diversified portfolio, by fuel type and location, as well as by contracting for the sale of a significant amount of the electricity output of its plants. As of December 31, 2002, FPL Energy has 77% of its on-peak capacity under contract. For 2004, 51% of on-peak capacity is under contract. Contracting electrical output has become progressively more difficult, as a result of overcapacity in certain regions and diminished market liquidity due to fewer creditworthy counterparties. FPL Energy expects, as its existing power sales agreements expire, more of the energy produced will be sold through shorter-term contracts and into competitive wholesale markets.

Competitive wholesale markets in the United States continue to evolve and vary by geographic region. Revenues from electricity sales in these markets will vary based on the prices obtainable for energy, capacity and other ancillary services. Some of the factors affecting success in these markets include the ability to operate generating assets efficiently, the price and supply of fuel, transmission constraints, wind and hydro resources (weather conditions), competition from new sources of generation, demand growth and exposure to legal and regulatory changes.

Portfolio by Category. FPL Energy's assets can be categorized into the following three groups: wind assets, non-wind assets under long-term contract and merchant assets.

Wind Assets

At December 31, 2002, FPL Energy had ownership interests in 28 operating wind plants, with a combined capacity of 1,745 mw (net ownership). Approximately 81% of FPL Energy's net ownership of wind facilities has received exempt wholesale generator status as defined under the Holding Company Act. The remaining facilities have qualifying facility status under PURPA. These facilities are located in ten states, thereby reducing weather related performance risk on a portfolio basis. FPL Energy operates all but six of these wind facilities. All facilities are under long-term contracts with utilities and power marketers, which expire from 2011 to 2027. In 2002 and 2003, all wind energy has been contracted under fixed-price agreements.

During 2002, FPL Energy added six wind projects to its portfolio, totaling approximately 324 mw. This included the acquisition of 123 mw of operating plants and the construction of 201 mw of new capacity. At December 31, 2002, FPL Energy had 434 mw of new wind facilities under construction or in advanced development, which are expected to be in service by December 2003.

Non-Wind Assets Under Long-Term Contract

At December 31, 2002, FPL Energy had 1,255 mw of non-wind assets under long-term contract, essentially all of which were under long-term power sales contracts with utilities, with contract expiration dates ranging from 2008 to 2021. Approximately 1,096 mw of this capacity is gas-fired generation. The remaining 159 mw uses a variety of fuels, including coal, wood and solar. Of these facilities 44% have qualifying facility status under PURPA and 56% have received exempt wholesale generator status under PURPA. Essentially all of the qualifying facilities are contracted under firm fuel and transportation agreements with expiration dates ranging from 2011 to 2017.

Merchant Assets

Merchant assets are plants whose entire output has not been sold under long-term contracts. The output from these merchant plants is sold through a combination of short- to medium-term contracts and sales in wholesale markets. The following discussion details FPL Energy's merchant assets by region:

Northeast Region and Mid-Atlantic Region – FPL Energy's current portfolio of assets in the Northeast and Mid-Atlantic regions includes 2,427 mw of owned nuclear, natural gas, oil and hydro generation and 550 mw of leased capacity from a gas-fired facility. Contracted fuel supply arrangements, for the leased capacity, include firm interstate natural gas transportation and firm "burner-tip" natural gas supply obligations. The merchant assets in this region include 1,030 mw of peak generating facilities. In addition, there are approximately 668 mw under construction in SERC. The output of this 668 mw facility has been sold through a contract which provides for the purchase of 50% of the facility's output, commencing in June 2003 through 2010 and for the remaining 50% commencing in June 2004 through 2011. Under the terms of this contract the counterparty is responsible for providing the natural gas required to operate the plant. See Nuclear Operations.

Central Region – FPL Energy's current asset portfolio includes 1,273 mw of gas-fired generation in ERCOT. There are approximately 1,700 mw of new generation under construction in ERCOT. Through 2003, 75% of FPL Energy's on-peak generating capacity, including that under construction, in ERCOT is under contract. Substantially all on-peak requirements for gas transportation are under contract through 2005. Currently, all gas supply is purchased on the spot market. However, PMI uses derivative instruments (primarily swaps, options, futures and forwards) to lock in pricing and manage the commodity price risk inherent in fuel purchases. FPL Energy is currently pursuing long-term gas supply contracts for the ERCOT assets.

Western Region – FPL Energy's current portfolio of assets includes a 517 mw natural gas facility, currently under construction, which is expected to be in commercial operation by mid-2003. FPL Energy is currently negotiating gas supply and power sales agreements.

Nuclear Operations. In November 2002, an FPL Energy subsidiary purchased an 88.23% undivided interest in Seabrook, located in New Hampshire. FPL Energy's net ownership interest in Seabrook's capacity consists of 1,024 mw of nuclear generation. FPL Energy is responsible for all plant operations. The current operating license for Seabrook expires in 2026. However, FPL Energy intends to seek approval from the NRC to extend the unit's license to recapture the period of non-operation from 1986 to 1990, in addition to a 20-year license extension. If granted, these approvals would extend the term of the NRC operating license for Seabrook to 2050. FPL Energy assumed responsibility for the ultimate decommissioning of the plant, the cost of which will be shared on a pro-rate basis by the owners. See estimated decommissioning cost data in Note 1 – Decommissioning and Dismantlement of Generating Plant.

In February 2003, the NRC issued an order, subsequent to an NRC bulletin issued in August 2002, requiring all pressurized water reactor licensees, including Seabrook, to perform visual and volumetric inspections of reactor vessel heads to identify if degradation such as cracking or corrosion has occurred. Seabrook will be required to perform 100% visual and non-visual inspections in 2006. Subsequent inspections for Seabrook will be required every third outage for visuals, and every fourth outage for non-visuals.

Seabrook has several contracts for the supply, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from 2003 to 2008. See Note 17 – Contracts. Currently, Seabrook is storing spent fuel on site pending its removal by the DOE. Under the Nuclear Waste Policy Act, the DOE was required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. From the time of the acquisition through December 2002, FPL Energy has accrued approximately $1.4 million in such fees to the Nuclear Waste Fund. For details on the current status of permanent fuel storage with the DOE see FPL Operations – Fuel. Based on current projections, FPL Energy will lose its ability to store spent fuel at Seabrook as early as 2009. FPL Energy is investigating other alternatives to expand its spent nuclear fuel storage capacity at Seabrook.

OTHER FPL GROUP OPERATIONS

FPL FiberNet. FPL FiberNet was formed in January 2000 to enhance the value of FPL Group's fiber-optic network assets that were originally built to support FPL operations. Accordingly, in January 2000, FPL's existing fiber-optic lines were transferred to FPL FiberNet. FPL FiberNet is a limited liability company organized under the laws of Delaware. FPL FiberNet leases wholesale fiber-optic network capacity and dark fiber to FPL and other new and existing customers, primarily telephone, cable television, internet and other telecommunications companies. Dark fiber in the metro market is also sold to third parties. FPL FiberNet's primary business focus is the Florida metro market. Metro networks cover Miami, Ft. Lauderdale, West Palm Beach, Tampa, St. Petersburg, Orlando and Jacksonville. FPL FiberNet also has a long-haul network within Florida that leases bandwidth at wholesale rates. At December 31, 2002, FPL FiberNet's network consisted of approximately 2,500 route miles, which interconnected major cities throughout Florida. Due to the changing telecommunications market, FPL FiberNet completed valuation studies to assess the recoverability of its assets and as a result, in 2002, recorded charges of approximately $104 million ($64 million after tax). Of this amount, $85 million ($52 million after tax) represents an impairment charge related to property, plant and equipment, the fair value of which was determined based on a discounted cash flow analysis. Additionally, FPL FiberNet decided not to pursue the planned build-out of metro fiber rings in certain cities, and restructuring charges of $19 million ($12 million after tax) were recognized related to the write-off of development costs and inventory.

At December 31, 2002, FPL Group's investment in FPL FiberNet totaled approximately $256 million. During 2002, FPL FiberNet invested approximately $15 million to expand its network. Over the next five years, FPL FiberNet plans to invest a total of approximately $50 million towards continued growth in the network.

EXECUTIVE OFFICERS OF THE REGISTRANTS [a]

Name	Age	Position	Effective Date
Dennis P. Coyle	64	General Counsel and Secretary of FPL Group	June 1, 1991
		General Counsel and Secretary of FPL	July 1, 1991
Paul I. Cutler	43	Treasurer of FPL Group	February 19, 2003
		Treasurer of FPL	February 18, 2003
K. Michael Davis	56	Controller and Chief Accounting Officer of FPL Group	May 13, 1991
		Vice President, Accounting, Controller and Chief Accounting Officer of FPL	July 1, 1991
Moray P. Dewhurst	48	Vice President, Finance and Chief Financial Officer of FPL Group	July 17, 2001
		Senior Vice President, Finance and Chief Financial Officer of FPL	July 19, 2001
Paul J. Evanson	61	President of FPL	January 9, 1995
Lewis Hay III	47	President and Chief Executive Officer of FPL Group	June 11, 2001
		Chairman of the Board of FPL Group	January 1, 2002
		Chairman of the Board and Chief Executive Officer of FPL	January 1, 2002
Lawrence J. Kelleher	55	Vice President, Human Resources of FPL Group	May 13, 1991
		Senior Vice President, Human Resources and Corporate Services of FPL	July 1, 1999
Robert L. McGrath	49	Senior Vice President, Engineering and Construction of FPL	November 15, 2002
Armando J. Olivera	53	Senior Vice President, Power Systems of FPL	July 1, 1999
James L. Robo	40	President of FPL Energy	July 26, 2002
Antonio Rodriguez	60	Senior Vice President, Power Generation Division of FPL	July 1, 1999
John A. Stall	48	Senior Vice President, Nuclear Division of FPL	June 4, 2001

(a) Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his present position for five years or more and his employment history is continuous. The business experience of the executive officers is as follows: Mr. Cutler was assistant treasurer of FPL Group from May 1997 to May 1998 and from May 1999 to February 2003. He was assistant treasurer of FPL from May 1997 to February 2003. Mr. Cutler was also assistant secretary of FPL Group and FPL from December 1997 to February 2003. Mr. Dewhurst was senior partner of Dean & Company, a management consulting and investment firm that he co-founded in 1993. Mr. Hay was president of FPL Energy from March 2000 to December 2001. From July 1999 to March 2000, he was vice president, finance and chief financial officer of FPL Group and senior vice president, finance and chief financial officer of FPL. From May 1999 to July 1999, Mr. Hay was president of LSME Acquisition Co., LLC, a specific purpose acquisition company. Prior to that, he was executive vice president and chief financial officer of U.S. Foodservice, Inc., a food service distributor. Mr. Kelleher was senior vice president, human resources of FPL from July 1991 to July 1999. Mr. McGrath was treasurer of FPL Group and FPL from January 2000 to November 2002. He was also vice president, finance and chief financial officer of FPL Energy from June 2000 to November 2002. Prior to that, Mr. McGrath was assistant treasurer of FPL Group and FPL. Mr. Olivera was vice president, distribution of FPL from February 1997 to July 1999. Mr. Robo was vice president of corporate development and strategy of FPL Group from March 2002 to July 2002. He was president and CEO of TIP, a GE Capital Company that provides trailer and storage equipment services, and GE Capital Modular Space, a supplier of mobile and modular buildings, from December 1999 to March 2002. Prior to that, Mr. Robo was president and CEO of GE Mexico. Mr. Rodriguez was vice president, power delivery of FPL from February 1997 to July 1999. Mr. Stall was vice president of nuclear engineering of FPL from January 2000 to June 2001. Prior to that, he was plant vice president at St. Lucie.

Item 2. Properties

FPL Group and its subsidiaries maintain properties which are adequate for their operations. At December 31, 2002, the electric generating, transmission, distribution and general facilities of FPL represented approximately 44%, 13%, 37% and 6%, respectively, of FPL's gross investment in electric utility plant in service.

Generating Facilities. At December 31, 2002, FPL Group had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Capability (mw)[a]
FPL:				
Nuclear				
St. Lucie	Hutchinson Island, FL	2	Nuclear	1,553[b]
Turkey Point	Florida City, FL	2	Nuclear	1,386
Steam turbines				
Cape Canaveral	Cocoa, FL	2	Oil/Gas	806
Cutler	Miami, FL	2	Gas	206
Manatee	Parrish, FL	2	Oil	1,620
Martin	Indiantown, FL	2	Oil/Gas	1,617
Port Everglades	Port Everglades, FL	4	Oil/Gas	1,212
Riviera	Riviera Beach, FL	2	Oil/Gas	565
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	254[c]
Sanford	Lake Monroe, FL	1	Oil/Gas	138[d]
Scherer	Monroe County, GA	1	Coal	658[e]
Turkey Point	Florida City, FL	2	Oil/Gas	800
Combined-cycle				
Fort Myers	Fort Myers, FL	1	Gas	1,423
Lauderdale	Dania, FL	2	Gas/Oil	854
Martin	Indiantown, FL	2	Gas	935
Putnam	Palatka, FL	2	Gas/Oil	498
Sanford	Lake Monroe, FL	1	Gas	910
Simple-cycle combustion turbines				
Martin	Indiantown, FL	1	Gas/Oil	298
Gas turbines/diesels				
Fort Myers	Fort Myers, FL	12	Oil	636
Lauderdale	Dania, FL	24	Oil/Gas	840
Port Everglades	Port Everglades, FL	12	Oil/Gas	420
Turkey Point	Florida City, FL	5	Oil	12
TOTAL				17,641
FPL Energy:				
East				
Northeast:				
Bayswater	Far Rockaway, NY	1	Gas	54
Maine	Various - ME	9	Oil	755
Maine	Various - ME	89	Hydro	373
Seabrook	Seabrook, NH	1	Nuclear	1,024[f]
Investment in joint venture	MA	1	Gas	150
Total Northeast				2,356
Mid-Atlantic:				
Doswell	Ashland, VA	5	Gas	879
Green Mountain	Somerset County, PA	8	Wind	10
Marcus Hook 50	Marcus Hook, PA	1	Gas	50
Mountaineer Wind Energy Center	Thomas, WV	44	Wind	66
Investments in joint ventures	Various	(g)	Various	251
Total Mid-Atlantic				1,256
West				
Central:				
Cerro Gordo	Ventura, IA	55	Wind	42
Delaware Mountain	Culberson County, TX	40	Wind	30
Gray County	Montezuma, KS	170	Wind	112
Hancock County	Hancock County, IA	148	Wind	98
Indian Mesa	McCamey, TX	125	Wind	83
King Mountain	Upton County, TX	214	Wind	278
Lake Benton II	Ruthton, MN	138	Wind	104
Lamar Power Partners	Paris, TX	2	Gas	990
Montfort	Montfort, WI	20	Wind	30
Southwest Mesa	McCamey, TX	107	Wind	75
Woodward Mountain	McCamey, TX	242	Wind	160
Investment in joint venture	Austin, TX	2	Gas	283
Total Central				2,285
West:				
Stateline	WA/OR border	454	Wind	300
Vansycle	Helix, OR	38	Wind	25
Investments in joint ventures	Various -- CA	(h)	Various	478
Total West				803
TOTAL				6,700

(a) Represents FPL's and FPL Energy's net ownership interest in plant capacity.
(b) Excludes Orlando Utilities Commission's and the FMPA's combined share of approximately 15% of St. Lucie Unit No. 2.
(c) Represents FPL's 20% ownership interest in each of St. Johns River Power Park Units Nos. 1 and 2, which are jointly owned with the JEA.
(d) Unit 4 was retired from service in July 2002 and expected to return to service as a combined-cycle facility in May 2003.
(e) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with the JEA.
(f) Excludes Massachusetts Municipal Wholesale Electric Company's, Taunton Municipal Lighting Plant's and Hudson Light & Power Department's combined share of 11.77%.
(g) Represents plants using fuel and technology such as gas and waste-to-energy.
(h) Includes multiple wind projects totaling 332 mw. The remaining 146 mw are provided by plants with less than 50 mw each using fuels and technologies such as solar, gas, coal and petroleum coke.

Transmission and Distribution. At December 31, 2002, FPL owned and operated 516 substations and the following electric transmission and distribution lines:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cables Miles
500 kv	1,105[a]	-
230 kv	2,316	31
138 kv	1,451	50
115 kv	671	-
69 kv	164	14
Less than 69kv	40,679	23,293
Total	46,386	23,388

(a) Includes approximately 75 miles owned jointly with the JEA.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL Group's principal properties are held by FPL in fee and are free from other encumbrances, subject to minor exceptions, none of which is of such a nature as to substantially impair the usefulness to FPL of such properties. FPL Energy's Doswell generating facility is encumbered by liens against its assets securing bonds issued in July 2001. See Management's Discussion – Liquidity and Capital Resources and Note 16. Some of FPL's electric lines are located on land not owned in fee but are covered by necessary consents of governmental authorities or rights obtained from owners of private property.

Item 3. Legal Proceedings

In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA) brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint. The amended complaint alleges, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining a PSD permit, without complying with NSPS requirements, and without applying best available control technology for nitrogen oxides, sulfur dioxides and particulate matter as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, the federal district court stayed discovery and administratively closed the case pending resolution of the EPA's motion for consolidation of discovery in several Clean Air Act cases that was filed with a Multi-District Litigation (MDL) panel. In August 2001, the MDL panel denied the motion for consolidation. In September 2001, the EPA moved that the federal district court reopen this case for purposes of discovery. Georgia Power Company has opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals rules on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative order relating to legal issues that are also central to this case. In January 2002, the Eleventh Circuit Court of Appeals determined that it has jurisdiction to review the EPA's administrative order and will now move to the merits of the TVA's appeal. In August 2002, the federal district court denied without prejudice the EPA's motion to reopen.

In November 2001, J. W. and Ernestine M. Thomas, Chester and Marie Jenkins, and Ray Norman and Jack Teague, as Co-Personal Representatives on behalf of the Estate of Robert L. Johns, filed suit against FPL Group, FPL, FPL FiberNet, FPL Group Capital and FPL Investments, Inc. in the Circuit Court for Suwanee County, Florida. This action is purportedly on behalf of all property owners in Florida (excluding railroad and public rights of way) whose property is encumbered by easements in favor of defendants, and on whose property defendants have installed or intend to install fiber-optic cable which defendants currently lease, license or convey or intend to lease, license or convey for non-electric transmission or distribution purposes. The lawsuit alleges that FPL's easements do not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs have asserted claims for unlawful detainer, unjust enrichment and constructive trust and seek injunctive relief and compensatory damages. In May 2002, plaintiffs filed an amended complaint, adding allegations regarding the installation of wireless communications equipment on some easements, and adding a claim for declaratory relief. In July 2002, defendants' motion to dismiss the amended complaint for, among other things, the failure to state a valid cause of action was denied. Defendants have filed an answer and affirmative defenses to the amended complaint. The parties are pursuing discovery regarding class certification.

In August 2001, FMPA filed with the United States Court of Appeals for the District of Columbia (DC Circuit) a petition for review asking the DC Circuit to reverse and remand orders of the FERC denying FMPA's request for credits for transmission facilities owned by FMPA members. The transmission credits sought by FMPA would offset the transmission charges that FPL bills FMPA for network transmission service to FMPA's member cities. FMPA member cities have been taking network transmission

service under FPL's open access transmission tariff (OATT) since the mid-1990s. In the orders appealed by FMPA, FERC ruled that FMPA would be entitled to credits for any FMPA facilities that were "integrated" with the FPL transmission system. Based on the evidence submitted, FERC concluded that none of the FMPA facilities met the integration test and, therefore, FMPA was not entitled to credits against FPL's charges for transmission service. On January 21, 2003, the DC Circuit upheld FERC's order denying FMPA credits for its facilities, finding that substantial evidence supported FERC's conclusion that FMPA's facilities do not satisfy the integration test. FMPA since has requested that FERC decide the crediting issue again in a separate FERC proceeding. That proceeding dates back to a filing by FPL on March 19, 1993, as completed on July 26, 1993, of a comprehensive restructuring of its then-existing tariff structure. A FERC administrative law judge issued an order in that proceeding on December 13, 1995. The judge's order, which did not address credits, is currently pending at FERC on rehearing. FPL has argued that, particularly in light of the DC Circuit's order, FERC should not issue another order addressing FMPA's request for credits. If FERC does decide the crediting issue in this separate proceeding, and reverses its previous finding that FMPA is not entitled to transmission credits, FMPA is likely to seek refunds for amounts collected from FMPA member cities taking service under FPL's OATT. FPL estimates that through December 31, 2002 its maximum exposure to refunds, including interest, is approximately $50 million to $60 million.

In January 2002, Roy Oorbeek and Richard Berman filed suit in the U.S. District Court for the Southern District of Florida against FPL Group (as an individual and nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Lewis Hay III, Dennis P. Coyle, Paul J. Evanson and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's Long Term Incentive Plan (LTIP) and FPL Group's proposed, but unconsummated, merger with Entergy Corporation (Entergy) were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of $62 million of payments received by the officers, compensatory damages of $92 million (including the $62 million of payments received by the officers) from all defendants (except FPL Group) and attorneys' fees. FPL Group's board of directors established a special committee to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers and expanded that investigation to include the allegations in the Oorbeek and Berman complaint.

In March 2002, William M. Klein, by Stephen S. Klein under power of attorney, on behalf of himself and all others similarly situated, filed suit in the U.S. District Court for the Southern District of Florida against FPL Group (as nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III and Dennis P. Coyle. The lawsuit alleges that the payments made to certain officers under FPL Group's LTIP upon shareholder approval of the proposed merger with Entergy were improper and constituted breaches of fiduciary duties by the individual defendants because the LTIP required consummation of the merger as a condition to the payments. The plaintiff seeks the return to FPL Group of the payments received by the officers ($62 million); contribution, restitution and/or damages from the individual defendants; and attorneys' fees. These allegations also were referred to the special committee of FPL Group's board of directors investigating the allegations in the Oorbeek and Berman lawsuit.

In August 2002, the special committee filed under seal with the court its report of its investigation. The report concluded that pursuit of the claims identified by the plaintiffs in the Oorbeek and Berman and the Klein lawsuits is not in the best interest of FPL Group or its shareholders generally, and recommended that FPL Group seek dismissal of the lawsuits. After reviewing the special committee's report, FPL Group's board of directors (with only independent directors participating) concluded likewise. In September 2002, FPL Group, as nominal defendant, filed the special committee's report in the public docket and filed with the court a Statement of Position setting forth the special committee's and the board's conclusions and authorizing the filing of a motion to dismiss. The Statement of Position also reported that during the course of the special committee's investigation of the allegations in the lawsuits a separate question arose concerning the interpretation of the provisions of the LTIP pursuant to which the payments to eight senior officers were calculated. The board, the affected officers (two of whom have retired from FPL Group), and their respective legal counsel are discussing resolution of the issue. Any change from the original interpretation could result in a repayment to FPL Group of up to approximately $9 million.

In February 2003, Donald E. and Judith B. Phillips filed suit in the U.S. District Court for the Southern District of Florida against FPL Group (as nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III, Dennis P. Coyle and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's LTIP and FPL Group's proposed, but unconsummated, merger with Entergy were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return

to FPL Group of $62 million of payments received by the officers, compensatory damages of $92 million (including the $62 million of payments received by the officers) from all defendants (except FPL Group) and attorney's fees.

In February 2003, Scott and Rebecca Finestone brought an action on behalf of themselves and their son Zachary Finestone in the U.S. District Court for the Southern District of Florida alleging that their son has developed cancer (neuroblastoma) as a result of the release and/or dissipation into the air, water, soil and underground areas of radioactive and non-radioactive hazardous materials, including strontium 90, and the release of other toxic materials from FPL's St. Lucie nuclear power plant. The complaint includes counts against FPL for strict liability for allegedly engaging in an ultra-hazardous activity and for alleged negligence in operating the plant in a manner that allowed emissions of the foregoing materials and failing to limit its release of nuclear fission products as prescribed by federal and state laws and regulations. The plaintiffs seek damages in excess of $1 million.

In March 2003, James J. and Lori Bradstreet brought an action on behalf of themselves and their son, Matthew Bradstreet, in the Circuit Court of the 18th Judicial Circuit in and for Brevard County, Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, the American Dental Association, the Florida Dental Association, FPL and the Orlando Utilities Commission (OUC), alleging that their son has suffered toxic neurological effects from mercury poisoning. The sources of mercury exposure are alleged to be vaccines containing a preservative called thimerosal that were allegedly manufactured and distributed by the drug companies, mercury amalgam dental fillings, and emissions from FPL and OUC power plants in Florida, including Brevard County. The complaint includes counts against all defendants for civil battery and against FPL for alleged negligence in operating the plants such that the son was exposed to mercury and other heavy metals emissions. The damages demanded from FPL are for injuries and losses allegedly suffered by the son as a result of his exposure to the plants' mercury emissions and the parents' alleged pain and suffering, medical expenses, loss of wages, and loss of their son's services and companionship. No amount of damages is specified. FPL has not yet responded to the complaint but expects to do so in the near future.

In the event that FPL Group and FPL do not prevail in these lawsuits, there may be a material adverse effect on their financial statements. However, FPL Group and FPL believe that they have meritorious defenses to the pending litigation discussed above and are vigorously defending the lawsuits. Management does not anticipate that the liabilities, if any, arising from the proceedings would have a material adverse effect on the financial statements.

In addition to those legal proceedings discussed herein, FPL Group and its subsidiaries, including FPL, are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrants' Common Equity and Related Stockholder Matters

Common Stock Data. All of FPL's common stock is owned by FPL Group. FPL Group's common stock is traded on the New York Stock Exchange. The high and low sales prices for the common stock of FPL Group as reported in the consolidated transaction reporting system of the New York Stock Exchange for each quarter during the past two years are as follows:

	2002		2001	
Quarter	High	Low	High	Low
First	$ 60.10	$ 51.13	$ 71.63	$ 54.81
Second	$ 65.31	$ 56.30	$ 63.15	$ 54.55
Third	$ 60.08	$ 45.00	$ 60.50	$ 51.21
Fourth	$ 61.40	$ 48.35	$ 57.28	$ 52.16

Approximate Number of Stockholders. As of the close of business on February 28, 2003, there were 36,825 holders of record of FPL Group's common stock.

Dividends. Quarterly dividends have been paid on common stock of FPL Group during the past two years in the following amounts:

Quarter	2002	2001
First	$ 0.58	$ 0.56
Second	$ 0.58	$ 0.56
Third	$ 0.58	$ 0.56
Fourth	$ 0.58	$ 0.56

The amount and timing of dividends payable on FPL Group's common stock are within the sole discretion of FPL Group's board of directors. The board of directors reviews the dividend rate at least annually (in February) to determine its appropriateness in light of FPL Group's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions and any other factors the board deems relevant. The ability of FPL Group to pay dividends on its common stock is dependent upon dividends paid to it by its subsidiaries, primarily

FPL. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group. See Management's Discussion – Liquidity and Capital Resources and Note 14 – Common Stock Dividend Restrictions regarding dividends paid by FPL to FPL Group.

Item 6. Selected Financial Data

	Years Ended December 31,				
	2002	2001	2000	1999	1998
SELECTED DATA OF FPL GROUP (millions, except per share amounts):					
Operating revenues	$ 8,311	$ 8,326	$ 7,062	$ 6,438	$ 6,661
Income before cumulative effect of a change in accounting principle	$ 695[a]	$ 781[b]	$ 704[c]	$ 697[d]	$ 664
Cumulative effect of adopting FAS 142, net of income taxes of $143	$ (222)	$ -	$ -	$ -	$ -
Net income	$ 473[a]	$ 781[b]	$ 704[c]	$ 697[d]	$ 664
Earnings per share of common stock:					
Earnings per share before cumulative effect of adopting FAS 142	$ 4.02[a]	$ 4.63[b]	$ 4.14[c]	$ 4.07[d]	$ 3.85
Cumulative effect of adopting FAS 142	$ (1.28)	$ -	$ -	$ -	$ -
Earnings per share	$ 2.74[a]	$ 4.63[b]	$ 4.14[c]	$ 4.07[d]	$ 3.85
Earnings per share of common stock - assuming dilution:					
Earnings per share before cumulative effect of adopting FAS 142	$ 4.01[a]	$ 4.62[b]	$ 4.14[c]	$ 4.07[d]	$ 3.85
Cumulative effect of adopting FAS 142	$ (1.28)	$ -	$ -	$ -	$ -
Earnings per share	$ 2.73[a]	$ 4.62[b]	$ 4.14[c]	$ 4.07[d]	$ 3.85
Dividends paid per share of common stock	$ 2.32	$ 2.24	$ 2.16	$ 2.08	$ 2.00
Total assets	$ 19,790	$ 17,463	$ 15,300	$ 13,441	$ 12,029
Long-term debt, excluding current maturities	$ 5,790	$ 4,858	$ 3,976	$ 3,478	$ 2,347
Obligations of FPL under capital lease, excluding current maturities	$ 140	$ 133	$ 127	$ 157	$ 146
SELECTED DATA OF FPL (millions):					
Operating revenues	$ 7,378	$ 7,477	$ 6,361	$ 6,057	$ 6,366
Net income available to FPL Group	$ 717	$ 679[f]	$ 607[f]	$ 576[d]	$ 616
Total assets	$ 12,637	$ 11,924	$ 12,020	$ 10,608	$ 10,748
Long-term debt, excluding current maturities	$ 2,364	$ 2,579	$ 2,577	$ 2,079	$ 2,191
Energy sales (kwh)	98,605	93,488	91,969	88,067	89,362
Energy sales:					
Residential	51.6%	50.9%	50.4%	50.2%	50.9%
Commercial	40.6	40.6	40.2	40.3	38.8
Industrial	4.1	4.4	4.1	4.5	4.4
Interchange power sales	1.8	2.2	3.1	3.0	3.2
Other[g]	1.9	1.9	2.2	2.0	2.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (mw)[h]:					
Summer season	19,219	18,754	17,808	17,615	17,897
Winter season	20,190	17,585	18,219	17,057	16,802
Average number of customer accounts (thousands):					
Residential	3,566	3,491	3,414	3,332	3,266
Commercial	435	427	415	405	397
Industrial	16	15	16	16	15
Other	3	2	3	3	2
Total	4,020	3,935	3,848	3,756	3,680
Average price per kwh (cents)[i]	7.32	8.05	6.86	6.87	7.13

[a] Includes impairment and restructuring charges, charges related to certain wind projects and leveraged leases, a favorable settlement of litigation with the IRS and net unrealized mark-to-market gains associated with non-managed hedges.

[b] Includes merger-related expenses and net unrealized mark-to-market gains associated with non-managed hedges. Excluding these items, FPL Group's net income and earnings per share (assuming dilution) would have been $792 million and $4.69, respectively.

[c] Includes merger-related expenses. Excluding these expenses, FPL Group's net income and earnings per share (assuming dilution) would have been $745 million and $4.38, respectively.

[d] Includes effects of gains on divestiture of cable investments, impairment loss and litigation settlement. Excluding these items, FPL Group's net income and earnings per share (assuming dilution) would have been $681 million and $3.98, respectively. Excluding the litigation settlement, FPL's net income available to FPL Group would have been $618 million.

[e] Includes the cumulative effect of an accounting change, impairment and restructuring charges, charges related to certain wind projects and leveraged leases, a favorable settlement of litigation with the IRS and net unrealized mark-to-market gains associated with non-managed hedges. Excluding these items, FPL Group's net income would have been $831 million and earnings per share (assuming dilution) would have been $4.80.

[f] Includes merger-related expenses. Excluding these expenses, FPL's net income available to FPL Group would have been $695 million in 2001 and $645 million in 2000.

[g] Includes the net change in unbilled sales.

[h] Winter season includes November and December of the current year and January to March of the following year.

[i] Excludes interchange power sales, net change in unbilled revenues, deferrals/recoveries under cost recovery clauses and the provision for retail rate refund.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein. In the discussion of Results of Operations below, all comparisons are with the corresponding items in the prior year.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles requires management to exercise judgment and make estimates and assumptions where amounts are not subject to precise measurement or are dependent on future events.

Critical accounting policies and estimates, which are important to the portrayal of both FPL Group's and FPL's financial condition and results of operations and which require complex, subjective judgments are as follows:

Accounting for Derivatives and Hedging Activities – On January 1, 2001, FPL Group and FPL adopted FAS 133, "Accounting for Derivatives and Hedging Activities," as amended by FAS 137 and FAS 138 (collectively, FAS 133). FPL Group and FPL use derivative instruments (primarily forward purchases and sales, swaps, options and futures) to manage the commodity price risk inherent in fuel purchases and electricity sales, as well as to optimize the value of power generation assets and related contracts. To a lesser extent, FPL Group also engages in limited energy trading activities to take advantage of expected favorable price movements. These accounting pronouncements, which require the use of fair value accounting if certain conditions are met, apply not only to traditional financial derivative instruments, but to any contract having the accounting characteristics of a derivative.

FAS 133 requires that derivative instruments be recorded on the balance sheet at fair value. Fair values for some of the longer-term contracts where liquid markets are not available are based on internally developed models. The estimation of fair value for long-term contracts requires the use of internally developed models based on the forward prices for electricity. Forward prices represent the price at which a buyer or seller could contract today to purchase or sell a commodity at a future date. In general, the models estimate the fair value of a contract by calculating the present value of the difference between the prices in the contract and the forward prices. The market for electricity in the first one to two years of a contract is generally liquid and therefore the prices in the early years of the forward curves reflect observable market quotes. However, in the later years, the market is much less liquid and forward price curves must be developed. Factors used in developing forward curves for electricity include the forward prices for the commodities used as fuel to generate electricity, the expected system heat rate (which measures the efficiency of power plants in converting fuel to electricity) in the region where the purchase or sale takes place, and a fundamental forecast of expected spot prices based on modeled supply and demand in the region. The assumptions in these models are critical since any changes therein could have a significant impact on the fair value of the contract. Substantially all changes in the fair value of derivatives held by FPL are deferred as a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses will be passed through the fuel and capacity clauses. In the non-rate regulated operations, predominantly FPL Energy, changes in the derivatives' fair values are recognized in current earnings, unless certain hedge accounting criteria are met. For those transactions for which hedge accounting can be applied, much of the effects of changes in fair value are reflected in other comprehensive income (a component of shareholders' equity) rather than being recognized in current earnings.

Since FAS 133 became effective in 2001, the FASB has discussed and, from time to time, issued implementation guidance related to FAS 133. In particular, much of the interpretive guidance affects when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from the provisions of FAS 133. Despite the large volume of implementation guidance, FAS 133 and the supplemental guidance does not provide specific guidance on all contract issues. As a result, significant judgment must be used in applying FAS 133 and its interpretations. The interpretation of FAS 133 continues to evolve. One possible result of changes in interpretation could be that certain contracts would have to be recorded on the balance sheet at fair value, with changes in fair value recorded in the income statement. See Note 5.

Accounting for Pensions and Other Post Employment Benefits – FPL Group and its subsidiaries sponsor a noncontributory defined benefit pension plan and defined benefit postretirement plans for health care and life insurance benefits (other benefits) for substantially all employees. Both the pension and life insurance plans have funded trusts dedicated to providing the benefits.

FPL Group's pension income net of the cost of other benefits was approximately $82 million, $84 million and $89 million for the years ended December 31, 2002, 2001 and 2000, respectively. The corresponding amounts allocated to FPL were $73 million, $77 million and $85 million, respectively. Pension income and the cost of other benefits are included in O&M expenses, and are calculated using a number of actuarial assumptions. Those assumptions include an expected long-term rate of return on qualified plan assets of 7.75% for all years, assumed increases in future compensation levels of 4.5% for 2002 and 5.5% for 2001 and 2000, and a weighted-average discount rate used in determining the benefit obligations of 6.00% and 6.25% for 2002 and 2001, respectively. Based on current health care costs (as related to other benefits), the projected 2003 trend assumptions used to measure the expected cost of benefits covered by the plans are 10% for all age groups. The rate is assumed to decrease over the next ten years to the ultimate trend rate of 5% for all age groups and remain at that level thereafter. In developing these assumptions, FPL Group evaluated input from its actuaries, as well as information available in the market place. For the expected long-term rate of return on fund assets, FPL Group considered 10-year and 20-year long-term median returns for a portfolio with a 50/50 equity/bond asset mix similar to its funds. FPL Group also considered its historical 10-year and 20-year compounded returns which have been in excess of these broad equity and bond benchmark indices. FPL Group believes that 7.75% is a reasonable long-term rate of return on its plan assets, despite the recent market downturn. FPL Group will continue to evaluate all of its actuarial assumptions, including its expected rate of return, at least annually, and will adjust them as necessary.

FPL Group bases its determination of pension and other benefits expense or income on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return realized on those assets. Since the market-related value of assets recognizes gains or losses over a five-year period, the future value of assets will be affected as previously deferred gains or losses are recognized. Such gains and losses together with other differences between actual results and the estimates used in the actuarial valuations are deferred and recognized in determining pension and other benefits expense and income only when they exceed 10% of the greater of projected benefit obligations or the market-related value of assets.

Lowering the expected long-term rate of return on plan assets by 0.5% (from 7.75% to 7.25%) would have reduced FPL Group's net income for 2002 by approximately $13 million ($11 million for FPL). Lowering the discount rate assumption by 0.5% would have decreased FPL Group's net income for 2002 by approximately $5 million ($4 million for FPL). Lowering the salary increase assumption by 0.5% would have increased FPL Group's net income for 2002 by approximately $2 million ($2 million for FPL). Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans. An increase or decrease of 1% in assumed health care cost trend rates would have a corresponding effect on the service and interest cost components and the accumulated obligation of other benefits of approximately $1 million and $8 million, respectively.

The fair value of plan assets has decreased from $2.5 billion at September 30, 2001 to $2.4 billion at September 30, 2002 for the pension plan and from $74 million at September 30, 2001 to $45 million at September 30, 2002 for other benefits. Despite the recent reductions in the funded status of FPL Group's pension plan, management believes that, based on the actuarial assumptions and the well funded status of the pension plan, FPL Group will not be required to make any cash contributions to the pension plan in the near future. FPL Group does not anticipate making cash contributions to the postretirement plans during 2003 but is studying the feasibility of transferring pension plan assets to fund claims associated with retiree medical benefits, as allowed by current tax law. See Note 3.

Carrying Value of Long-Lived Assets – FPL Group evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable as described in FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Under that standard, an impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate.

The amount of future net cash flows, the timing of the cash flows and the determination of an appropriate interest rate all involve estimates and judgments about future events. In particular, the aggregate amount of cash flows determines whether an impairment exists, and the timing of the cash flows is critical in determining fair value. Because each assessment is based on the facts and circumstances associated with each long-lived asset, the effects of changes in assumptions cannot be generalized.

Nuclear Decommissioning and Fossil Dismantlement – FPL's current plans provide for prompt dismantlement of the Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing upon license expiration in 2012 and 2013. In June 2002, the NRC approved extension of the operating licenses for Turkey Point Units Nos. 3 and 4, which will allow operation of these units until 2032 and 2033, respectively. FPL has not yet decided whether to exercise the option to operate past the original license expiration dates. Current plans provide for St. Lucie Unit No. 1 to be mothballed upon license expiration in 2016 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 when its license expires in 2023. In 2001, FPL filed with the NRC applications for 20-year license extensions for the St. Lucie units and expects a ruling from the NRC in the fall of 2003.

FPL accrues and funds a reserve for nuclear decommissioning costs over the expected service life of each unit based on studies that are filed with the FPSC at least every five years. The FPSC approved new decommissioning studies in 2001 and, effective in May 2002, reduced the annual decommissioning accrual from $85 million to approximately $79 million. The studies assume that FPL will be storing spent fuel on site pending removal to a U.S. government facility. The studies indicate that FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage, is $6.4 billion, or $2.0 billion in 2002 dollars. At December 31, 2002, the accumulated provision for nuclear decommissioning totaled approximately $1.7 billion.

Upon the adoption of FAS 143 on January 1, 2003, the accumulated provision for nuclear decommissioning was moved from the accumulated depreciation caption on FPL Group's and FPL's balance sheets to a noncurrent liability, the amount of the obligation was adjusted to reflect the then current fair value of the obligation, an asset was recognized for the undepreciated present value of the initial obligation and any difference was recognized as a regulatory liability.

FPL also accrues the estimated cost of dismantling its fossil fuel plants over the expected service life of each unit. However, unlike nuclear decommissioning, fossil dismantlement costs are not funded. Dismantlement studies are filed with the FPSC at least every four years. The most recent studies became effective January 1, 1999 and indicated that FPL's portion of the ultimate cost to dismantle its fossil units is $482 million. At December 31, 2002, the accumulated provision for fossil dismantlement was $260 million. The liability that was recognized for obligations associated with the retirement of FPL's fossil fuel plants under FAS 143 was not significant.

Upon acquisition of its interest in Seabrook, FPL Energy recorded a liability for the present value of Seabrook's expected decommissioning costs. The liability will be accreted using the interest method over an assumed license extension period that runs through 2050. Seabrook's existing license expires in 2026, but FPL Energy plans to file with the NRC an application to extend the license period to 2050. Comprehensive studies are filed with New Hampshire's Nuclear Decommissioning Financing Committee every four years, with updates provided annually. The next comprehensive study will be filed in mid-2003. The September 1999 studies indicate that FPL Energy's portion of the future cost of decommissioning Seabrook, including spent fuel storage, is $1.7 billion, or $516 million in 2002 dollars. The nuclear decommissioning obligation recorded in connection with the acquisition of Seabrook was determined in a manner similar to that prescribed by FAS 143. At December 31, 2002, the accumulated provision for nuclear decommissioning totaled approximately $152 million. See Note 1 - Decommissioning and Dismantlement of Generating Plant and Accounting for Asset Retirement Obligations.

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and fossil dismantlement costs, involves the use of estimates and judgments concerning the amount and timing of future expenditures. FPL Group and FPL also make interest rate, rate of return and inflation projections to determine funding requirements related to decommissioning. Periodically, FPL Group and FPL will be required to update their estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs.

Regulatory Accounting – FPL follows the accounting practices set forth in FAS 71, "Accounting for the Effects of Certain Types of Regulation." FAS 71 indicates that regulators can create assets and impose liabilities that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process. If FPL were no longer subject to cost-based rate regulation, the existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include, among others, O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable and costs associated with the construction or acquisition of new facilities. The continued applicability of FAS 71 is assessed each reporting period. See Note 1 - Regulation.

See Note 1 for a discussion of FPL Group's and FPL's other significant accounting policies.

Results of Operations

FPL Group's net income decreased by approximately $308 million in 2002 compared to 2001, while net income increased $77 million in 2001 compared to 2000. The decrease in 2002 net income is due to a number of charges aggregating $389 million after tax recorded at FPL Energy and at Corporate and Other. The charges consisted primarily of the cumulative effect of an accounting change ($222 million after tax), impairment and restructuring charges ($127 million after tax) and charges related to certain wind projects ($10 million after tax) and leveraged leases ($30 million after tax). These charges were partially offset by a gain from an income tax settlement ($30 million). Merger-related charges reduced FPL Group's net income in 2001 by $19 million and in 2000 by $41 million. Unrealized gains from non-managed hedge activities increased FPL Group's net income by $1 million and $8 million for the years ended December 31, 2002 and 2001, respectively. Management assesses the economic performance of its business segments excluding these charges, gains and the effects of non-managed hedges. Although such items are properly included in the determination of net income in accordance with generally accepted accounting principles, both the size and nature of such items make year to year comparisons of operations difficult and potentially confusing. Excluding these items, net income would have been $831 million, $792 million and $745 million in 2002, 2001 and 2000, respectively. The restructuring activities discussed above are not expected to have a significant effect on FPL Group's future results of operations, liquidity or capital resources.

Beginning January 1, 2002, FPL Group segregated unrealized mark-to-market gains and losses on derivative transactions into two categories. Prior year amounts have been reclassified into these categories. The first category, referred to as trading and managed hedge activities, represents the net unrealized effect of actively traded positions entered into to take advantage of market price movements and to optimize the value of generation assets and related contracts. The unrealized gains from trading and managed hedge activities were $8 million and $0 for the years ended December 31, 2002 and 2001, respectively, and are reported net in operating revenues. The second category, referred to as non-managed hedges, represents the net unrealized effect of derivative transactions entered into as economic hedges (but which do not qualify for hedge accounting under FAS 133) and the ineffective portion of transactions accounted for as cash flow hedges. These transactions have been entered into to reduce our aggregate risk, and any mark-to-market gains or losses during the period prior to realization will continue to be reported outside of operating income in other – net in FPL Group's consolidated statements of income. Any position that is moved between non-managed hedge activity and trading and managed hedge activity is transferred at its fair value on the date of reclassification. For additional information regarding derivative instruments, see Note 5.

FPL – FPL's net income available to FPL Group for 2002, 2001 and 2000 was $717 million, $679 million and $607 million, respectively, representing more than 85% of FPL Group's consolidated net income in each year. During 2002, FPL's net income benefited from higher revenues from retail base operations (net of the revenue refund provision), lower depreciation expense and lower interest charges. However, higher O&M expenses partially offset these positives. During 2001, higher revenues from retail base operations and lower depreciation were partially offset by higher O&M expenses and higher interest charges. Also in 2001 and 2000, FPL recorded merger-related expenses totaling $26 million ($16 million after tax) and $62 million ($38 million after tax), respectively. For additional information regarding these expenses, see Note 9. Excluding merger-related expenses, net income would have been $717 million, $695 million and $645 million in 2002, 2001 and 2000, respectively.

In March 2002, the FPSC approved a new rate agreement regarding FPL's retail base rates, which became effective April 15, 2002 and expires December 31, 2005. The 2002-2005 rate agreement replaced a rate agreement that was effective April 15, 1999 through April 14, 2002. Both agreements include a revenue sharing mechanism for each of the twelve-month periods covered by the agreement, whereby revenues from retail base operations in excess of a stated threshold are required to be shared on the basis of two-thirds refunded to retail customers and one-third retained by FPL. Revenues from retail base operations in excess of a second threshold are required to be refunded 100% to retail customers.

The 1999-2002 rate agreement allowed FPL at its discretion to recover, as special depreciation, up to $100 million in each year of the three-year agreement period. The additional depreciation recovery was required to be applied to nuclear and/or fossil generating assets based on future depreciation studies. See Note 1 – Revenues and Rates and Electric Plant, Depreciation and Amortization. During the term of the agreement, FPL's ROE was from time to time outside the 10% – 12% authorized range. However, the revenue sharing mechanism described above was specified as the appropriate and exclusive mechanism to address that circumstance. The agreement included provisions which limited depreciation rates and accruals for nuclear decommissioning and fossil dismantlement costs to the then approved levels and limited amounts recoverable under the environmental clause during the term of that agreement.

The 2002-2005 rate agreement provides for a $250 million annual reduction in retail base revenues allocated to all customers by reducing customers' base rates and service charges by approximately 7%. The revenue sharing thresholds specified in the 2002-2005 rate agreement are as follows:

	Years Ended December 31,			
	2002[a]	2003	2004	2005
	(millions)			
66 2/3% to customers	$ 3,580	$ 3,680	$ 3,780	$ 3,880
100% to customers	$ 3,740	$ 3,840	$ 3,940	$ 4,040

(a) Refund is limited to 71.5% (representing the period April 15 through December 31, 2002) of the revenues from base rate operations exceeding the thresholds.

During the term of the 2002-2005 rate agreement, FPL will not have an authorized regulatory ROE range for the purpose of addressing earnings levels. However, FPL will continue to file monthly earnings surveillance reports with the FPSC and if the reported ROE falls below 10% during the term of the 2002-2005 rate agreement, FPL may petition the FPSC to amend its base rates. The 2002-2005 rate agreement would terminate on the effective date of any final order issued in a proceeding that changes FPL's base rates. See Note 1 – Revenues and Rates. In addition, depreciation rates will not be changed during the term of the agreement; however, FPL will reduce its recorded depreciation expense by $125 million annually. As a result of that provision and other FPSC actions affecting accumulated nuclear amortization, FPL reclassified $170 million of special depreciation recorded in 1999 and 2000 and $99 million of nuclear amortization from accumulated depreciation to a regulatory liability, which is included in other liabilities on FPL's consolidated balance sheet. FPL also reduced depreciation expense in 2002 by $125 million. The nuclear amortization will be amortized ratably over the remaining life of the nuclear units based on the term of the existing operating licenses of the units at a rate of $7 million per year.

In April 2002, the South Florida Hospital and Healthcare Association and certain hospitals filed a joint notice of administrative appeal with the FPSC and the Supreme Court of Florida appealing the FPSC's approval of the 2002-2005 rate agreement. The appellants contend that the FPSC rushed to judgment and approved the settlement without the benefit of any evidentiary record to support its actions, and requested that the Supreme Court remand the case to the FPSC for additional proceedings. Initial briefs, answer briefs and a reply brief were filed by the parties during 2002. Oral arguments are expected to take place in mid-2003. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the 2002-2005 rate agreement will be upheld.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2002	2001	2000
		(millions)	
Retail base operations	$ 3,603	$ 3,616	$ 3,507
Revenue refund provision	(34)	(110)	(60)
Cost recovery clauses and other pass-through costs	3,793	3,955	2,902
Other	16	16	12
Total	$ 7,378	$ 7,477	$ 6,361

For the year ended December 31, 2002, the increase in retail base revenues, due to an increase in the number of retail customer accounts and an increase in usage per retail customer, was more than offset by the 7% reduction in retail rates pursuant to the 2002-2005 rate agreement that was effective in mid-April 2002. A 2.1% increase in the number of retail customer accounts increased revenues by $78 million, while the balance of the increase, or $112 million, was primarily due to a 3.5% increase in electricity usage per retail customer. About half of the growth in usage for the year was associated with weather, with both the late spring and early fall months being significantly warmer than usual. The remaining increase in usage was due to stronger economic conditions and price elasticity associated with lower rates. The 7% rate reduction equated to a $203 million reduction in retail base revenues.

The increase in retail base revenues in 2001 was due to a 2.3% increase in retail customer accounts which contributed $66 million to revenues while the balance of the increase, or $43 million, was primarily due to a 0.4% increase in electricity usage per retail customer. These increases occurred despite a slowing economy and a decline in tourism following the terrorist attacks on the United States on September 11, 2001.

Revenues from cost recovery clauses, franchise fees and revenue taxes represent a pass-through of costs and do not significantly affect net income. However, differences between actual revenues and costs incurred can significantly affect FPL Group's and FPL's operating cash flows. Fluctuations in these revenues, as well as in fuel, purchased power and interchange expenses, are primarily driven by changes in energy sales, fuel prices and capacity charges. Ordinarily, the fuel charge is set annually based on estimated fuel costs and estimated customer usage, plus or minus a true-up for prior period estimates. During 2002, clause revenues (primarily fuel-related) declined due to lower fuel costs. Significant volatility in oil and gas prices during 2001 and 2000 resulted in a significant increase in clause revenues in 2001 and, to a lesser extent, in 2000. FPL's annual fuel filing for 2001, as approved by the FPSC, included approximately $518 million of under-recovered fuel costs from 2000, of which one-half ($259 million) was recovered in 2001 and the balance was recovered in 2002. FPL agreed to this two-year recovery, rather than the typical one-year time frame, to ease the impact on customers' bills. FPL also agreed that, instead of receiving a return at the commercial paper rate on this unrecovered portion through the fuel clause, the under-recovery would be included as a rate base regulatory asset over the two-year recovery period. In March 2003, the FPSC approved a fuel adjustment increase totaling $347 million beginning in April 2003 due to higher than projected oil and natural gas prices. See Note 1 – Regulation.

FPL's O&M expenses increased $143 million in 2002. Approximately $42 million of the increase is attributable to higher nuclear costs associated with more comprehensive inspections of the reactor vessel heads at FPL's nuclear facilities as ordered by the NRC, as well as increased outage and plant maintenance costs. In February 2003, the NRC issued an order, subsequent to an NRC bulletin issued in August 2002, requiring all pressurized water reactor licensees, including FPL, to perform visual and volumetric inspections of reactor vessel heads at each unit's scheduled refueling outage to identify if degradation such as cracking or corrosion has occurred. During the scheduled refueling outages for St. Lucie Unit No. 1 in October 2002 and Turkey Point Unit No. 3 in March 2003, FPL performed visual and volumetric inspections and found no degradation associated with the reactor vessel heads. Visual inspections at St. Lucie Unit No. 2 during 2001 and at Turkey Point Unit No. 4 during 2002 revealed no degradation associated with the reactor vessel heads and visual and volumetric inspections will be performed during their next scheduled refueling outages in 2003. The cost to perform inspections and any necessary repairs for all of the four nuclear units until the reactor vessel heads are replaced is estimated at $67 million. During 2002, the FPSC authorized recognition of this amount on a levelized basis over a five-year period beginning in 2002. FPL anticipates that it will replace the reactor vessel heads at all of its nuclear units over a three-year period beginning in 2004 and has placed orders for long-lead time components. The estimated cost for the reactor vessel heads is included in FPL's estimated capital expenditures. See Note 17 – Commitments.

In addition to the increase in nuclear O&M expenses in 2002, employee benefit costs, primarily medical-related, increased $15 million and property insurance costs increased $9 million due to lower refunds under nuclear insurance policies. These pressures are expected to carry over into 2003. In addition, in December 2002, the FPSC approved a one-time $35 million addition to the storm fund reserve, which was accrued in 2002. The balance of the increase in O&M expenses primarily related to costs associated with work force reductions, overhaul of fossil plants and system reliability efforts. FPL's O&M expenses increased $20 million in 2001, of which $5 million related to higher transmission and distribution costs mainly due to system growth and reliability improvements, $9 million related to generation costs primarily those incurred at fossil production plants to comply with regulations and maintain operating service availability, and the balance of the increase primarily reflects additional reserves for uncollectible accounts due to weaker economic conditions.

Depreciation and amortization expense declined during the year ended December 31, 2002 due to the $125 million credit to depreciation expense authorized under the 2002-2005 rate agreement. This credit was partially offset by higher depreciation expense associated with the amortization of a regulatory asset recorded as a result of a litigation settlement. The amortization approximates $44 million annually over a 5-year period beginning in January 2002 and is being recovered over the 5-year period through the fuel and capacity clauses. See Note 10. The remaining depreciation expense variance is primarily due to overall growth in the asset base reflecting the completion of the Fort Myers and Sanford repowering projects. The decrease in depreciation expense during 2001 reflects the absence of special depreciation under the previous rate agreement partially offset by higher depreciation expense associated with overall growth in the asset base. In 2000, FPL recorded approximately $101 million related to special depreciation.

In June 2002, the NRC approved an extension of the operating licenses for Turkey Point Units Nos. 3 and 4, which will allow operation of these units until 2032 and 2033, respectively. FPL has not yet decided whether to exercise the option to operate past the original license expiration dates of 2012 and 2013. Nevertheless, FPL is continuing to take actions to ensure the long-

term viability of the units in order to preserve this option. This decision will be made by 2007. Any adjustment to depreciation and decommissioning rates would require FPSC approval. In 2001, FPL filed applications with the NRC for 20-year license extensions for the St. Lucie units and expects a ruling from the NRC in the fall of 2003.

Interest charges for 2002 decreased primarily due to lower interest rates, as well as lower average debt balances as a result of the recovery of previously under-recovered fuel costs. In 2001, the increase in interest charges primarily reflects increased debt activity to fund FPL's capital expansion program. Also in 2001, taxes other than income taxes increased significantly primarily due to higher franchise and gross receipts taxes associated with higher retail customer fuel charges that do not have a material effect on net income.

FPL currently faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources and self-generation for other customer groups, primarily industrial customers. In 2002, operating revenues from wholesale and industrial customers combined represented approximately 4% of FPL's total operating revenues. Various states, other than Florida, have enacted legislation or have state commissions that have issued orders designed to allow retail customers to choose their electricity supplier. This regulatory restructuring is expected to result in a shift from cost-based rates to market-based rates for energy production and other services provided to retail customers. Although the legislation and initiatives vary substantially, common areas of focus include when market-based pricing will be available for wholesale and retail customers, what existing prudently incurred costs in excess of the market-based price will be recoverable and whether generating assets should be separated from transmission, distribution and other assets. It is generally believed transmission and distribution activities would remain regulated. Recently, these state restructuring efforts have diminished and several states have delayed the implementation or reversed previously approved restructuring legislation and rules. Management believes that it is unlikely there will be any state actions to restructure the electric industry in Florida in the near future.

The FPSC promotes competition for building major new steam generating capacity by requiring investor-owned electric utilities, such as FPL, to issue a request for proposal. The request for proposal process allows independent power producers and others to bid to supply the needed generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generation capacity of the type proposed, the investor-owned electric utility would seek to negotiate a power purchase agreement with the selected bidder and request that the FPSC authorize the construction of the bidder's generation capacity under the terms of the power purchase agreement. In 2002, FPL received approval to construct new generation at its Martin and Manatee sites.

The FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. In 1999, the FERC issued its final order on RTOs which, under a variety of structures, provides for the independent operation of transmission systems for a given geographic area. In March 2001, the FERC approved GridFlorida (FPL's, Progress Energy Florida, Inc.'s and Tampa Electric Company's proposed RTO) as the RTO for peninsular Florida. In December 2001, the FPSC determined that the RTO as proposed was not in the best interest of Florida customers and required the companies to develop a modified proposal. In March 2002, FPL, Progress Energy Florida, Inc. and Tampa Electric Company filed a modified RTO proposal with the FPSC changing the structure of GridFlorida from a for-profit transmission company to a non-profit ISO. Under the proposal, FPL would continue to own its transmission lines and the ISO would manage them. In September 2002, the FPSC approved many of the aspects of the modified RTO proposal, allowing recovery of GridFlorida's incremental costs through the capacity clause and setting a hearing date of October 31, 2002 on market design and other outstanding issues. In October 2002, Public Counsel filed a notice of administrative appeal with the Supreme Court of Florida seeking an appeal of the FPSC's order, which caused an automatic stay of the proceedings. On October 28, 2002, the FPSC ordered that the GridFlorida proceedings be held in abeyance pending Public Counsel's appeal. On December 12, 2002, Public Counsel filed their brief. Public Counsel contends that the FPSC should not approve the ISO proposal because the FPSC cannot voluntarily abdicate its jurisdiction over retail transmission rates and transmission planning and the ISO will not be subject to the FPSC's jurisdiction. Oral arguments are scheduled for May 6, 2003. A ruling from the Supreme Court of Florida is expected in late 2003.

In July 2002, the FERC issued a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would, among other things, require FERC regulated entities, including FPL, that own, control or operate transmission facilities to hire an independent transmission provider, which can be an RTO such as GridFlorida for the operation of those facilities. The proposed rule also will require the independent transmission provider to administer various spot markets for the sale of electricity and ancillary services and to manage congestion on the transmission system using financial congestion rights. State regulators from the southeast and western states have expressed strong reservations about FERC's proposal. FPL is evaluating the proposed rule and is currently unable to determine the effects, if any, on FPL's operations. The FERC has announced it will be issuing a "white paper" in April 2003 incorporating comments received on its proposed rule. The "white paper" will re-examine the schedule, which had originally proposed full implementation of the standard market design by September 2004. The FERC will allow parties to file comments on the "white paper" before issuing its final order this fall.

In the event the basis of regulation for some or all of FPL's business changes from cost-based regulation, existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. Further, other aspects of the business, such as generation assets and long-term power purchase commitments, would need to be reviewed to assess their recoverability in a changed regulatory environment. See Note 1 – Regulation.

FPL Energy – FPL Energy's net income (loss) for 2002, 2001 and 2000 was $(169) million, $113 million and $82 million, respectively. FPL Energy's net income has become a greater portion of FPL Group's consolidated net income increasing from 1% in 1997 to 14% in 2001. The net loss for 2002 was the result of FPL Energy recording impairment and other charges totaling $485 million ($295 million after tax). The impairment and other charges consisted of a goodwill impairment charge of $365 million ($222 million after tax) representing the cumulative effect of adopting FAS 142, "Goodwill and Other Intangible Assets," and restructuring and other charges totaling $120 million ($73 million after tax) due to the unfavorable market conditions in the wholesale energy market. For further discussion of FAS 142, see Note 7, and for the restructuring and other charges, see below. In addition, during 2002, FPL Energy recorded less than $1 million of after-tax net unrealized mark-to-market gains from non-managed hedges compared to gains of $8 million during 2001. For further discussion of derivative instruments, see Note 5. In 2000, FPL Energy recorded merger-related expenses totaling $2 million ($1 million after tax). For additional information regarding these expenses, see Note 9. Excluding these items, FPL Energy's net income would have been $126 million, $105 million and $83 million in 2002, 2001 and 2000, respectively.

As a result of depressed economic conditions coupled with an oversupply of energy generating facilities in certain markets, projected profit margins for certain natural gas projects had declined and were not sufficient to cover the cost of capital. Therefore, FPL Energy made a strategic decision during 2002 to substantially exit the fossil-fueled greenfield power plant development business for the foreseeable future and, as a result, recorded the following charges as restructuring and impairment charges in FPL Group's consolidated statements of income:

- $67 million ($41 million after tax) to write-off previously capitalized development costs,
- $16 million ($10 million after tax) related to the renegotiation of an agreement to significantly reduce the commitment to purchase gas turbines and other related equipment and
- $20 million ($12 million after tax) related to the realignment of the organization and the termination of an operating lease agreement with an SPE and related credit facility used to finance certain turbine purchases.

For additional information concerning these charges, see Note 4 – FPL Energy.

Also in 2002, FPL Energy recorded a charge of approximately $17 million ($10 million after tax) against its investment in two wind projects due to regulatory issues associated with another investor in the projects. The resulting expense is included in equity in earnings of equity method investees in FPL Group's consolidated statements of income. At December 31, 2002, FPL Energy's net investment in the two wind projects totaled approximately $14 million. For additional information concerning these wind projects, see Note 17 – Other Contingencies.

Despite the downturn in the wholesale energy industry, FPL Energy's 2002 net income benefitted from project additions, primarily wind assets in the central and western regions of the United States and the purchase of an 88.23% interest in Seabrook in November 2002, as well as a leased natural gas-fired power plant that began operations during the fourth quarter of 2002. Project additions totaling more than 1,000 mw in 2001 and more than 2,200 mw in 2002 contributed $41 million to net income, $22 million coming from the full-year effect of new wind projects that came on line in the second half of 2001 and the 324 mw added in 2002, and the balance from earnings from other project additions, including Seabrook. For additional information concerning the Seabrook acquisition, see Note 2. FPL Energy's operating revenues and operating expenses for 2002 increased $109 million and $233 million, respectively, primarily driven by project additions coupled with the previously discussed restructuring charges that added $103 million to operating expenses. These project additions resulted in increases to operating revenues of $149 million and operating expenses of $128 million (including fuel-related costs of $37 million, O&M expenses of $54 million and depreciation expense of $37 million) during 2002. Increased revenues from project additions were partially offset by lower revenues of $41 million from the balance of the consolidated portfolio primarily due to reduced energy prices driven by new entrants in the market, as well as mild weather in the Northeast including drought conditions, which had a negative impact on the performance of the hydro assets.

Earnings from investments in partnerships and joint ventures, presented as equity in earnings of equity method investees, declined $5 million in 2002 reflecting the $17 million charge recorded against investments in two wind projects discussed above and a gain of $23 million on the restructuring of a gas supply contract that was renegotiated to yield lower fuel costs and is expected to improve future cash flows, as well as improve equity in earnings from the project. In addition, equity in earnings of equity method investees in 2001 included a gain of $34 million resulting from the sale of a partnership interest in a geothermal project. This gain was almost entirely offset by the write-off of affiliate debt associated with the partnership interest, which was included in other – net. Excluding these events, earnings in 2002 from FPL Energy's investment in equity method investees increased approximately $20 million over 2001. This increase is primarily due to increased contract prices, as the majority of the output of the projects is sold under long-term contracts with counterparties, as well as reduced fuel prices in the northeast region.

FPL Energy is currently constructing five gas-fired power plants with a total capacity of approximately 3,700 mw, and expects to add 700 to 1,200 mw of new wind generation by the end of 2003. FPL Energy expects its future portfolio growth to come from a mix of asset acquisitions and wind development (assuming the extension of the production tax credits beyond 2003).

Interest charges increased $12 million during 2002 associated with higher debt balances due to growth in the business, partly

offset by lower average interest rates. Interest income in 2002 declined approximately $14 million and includes, in 2001, interest from a favorable settlement with the Internal Revenue Service. In addition, the decline in interest income reflects lower interest rates.

FPL Energy's 2001 net income growth of $31 million was driven mainly by the expansion of its independent power generation portfolio. Portfolio additions contributed $22 million to the earnings growth including $11 million from a 495 mw natural gas-fired unit in Texas, which became operational in late 2000, $2 million from a 171 mw natural gas-fired peaking unit in the Mid-Atlantic region and $9 million from five new wind projects totaling 843 mw in the Central and West regions. FPL Energy's 2001 operating revenues and operating expenses increased by $108 million and $95 million, respectively, primarily due to project additions. These project additions resulted in increases to operating revenues of $124 million and operating expenses of $102 million (including fuel-related costs of $61 million, O&M expenses of $17 million and depreciation expense of $24 million) during 2001. Increased revenues from project additions were partially offset by lower revenues of $11 million from the remaining consolidated portfolio mainly because sales of excess fuel at a natural gas-fired generating facility in the Mid-Atlantic region that occurred in 2001 did not recur in 2002. Operating expenses related to the remaining consolidated projects declined as a result of lower fuel costs of $13 million due to reduced fuel sales.

Equity in earnings of equity method investees in 2001 increased $36 million due to a gain resulting from the sale of a partnership interest in a geothermal project which totaled $34 million. Earnings in 2001 also included a loss recognized in connection with the write-off of affiliate debt associated with the sale, which was included in other – net. The remaining increase in equity in earnings during 2001 was mainly due to higher energy prices.

Interest charges increased $7 million during 2001 associated with higher debt balances due to growth in the business, partially offset by the effect of lower average interest rates.

Since early June 2002, there has been a decline in the wholesale energy market, including deterioration in forward prices and reduced liquidity, as well as increasing credit concerns that have limited the number of counterparties with which FPL Energy does business. These market conditions have made it more difficult for FPL Energy to manage the risk associated with fluctuating commodity prices, to optimize the value of its assets and to contract the output of its plants. Any uncontracted output from the plants has been and will be sold into the market place at prevailing prices. FPL Energy expects, as its existing power sales agreements expire, more of the energy produced will be sold through shorter-term contracts and into competitive wholesale markets.

Competitive wholesale markets in the United States continue to evolve and vary by geographic region. Expanded competition in a relaxed regulatory environment presents both opportunities and risks for FPL Energy. Some of the factors affecting success in these markets include the ability to operate generating assets efficiently, the price and supply of fuel, transmission constraints, wind and hydro resources (weather conditions), competition from new sources of generation, demand growth and exposure to legal and regulatory changes. Opportunities exist for the selective acquisition of generation assets divested under deregulation plans and for the construction and operation of efficient plants that can sell power in competitive markets. Wholesale energy markets have experienced lower demand and lower wholesale electricity prices as a result of weather and economic conditions and the oversupply of generation in certain regions. FPL Energy seeks to minimize its market risk by having a diversified portfolio, by fuel type and location, as well as by contracting for the sale of a significant amount of the electricity output of its plants.

FPL Energy's 2003 earnings are subject to variability due to commodity price exposure, counterparty performance, weather conditions and project restructuring activities. FPL Energy's exposure to commodity price risk is reduced by the high degree of contract coverage or hedging obtained for 2003. FPL Energy's target is to have approximately 75% of its capacity under contract or hedged over the following twelve-month period. As of December 31, 2002, FPL Energy's capacity under contract for 2003 is as follows:

Asset Class	Available MW[a]	% MW Hedged
Wind [b]	1,924	100%
Non-wind assets under long-term contract	1,255	98%
Merchants:		
Seabrook	955	96%
NEPOOL/PJM/NYPP	1,558	44%[c]
ERCOT	2,301	75%[c]
Other (WECC/SERC)	862	42%[c]
Total portfolio	8,855	77%

(a) Weighted to reflect in-service dates; all assets adjusted for planned 2003 outages, including a refueling outage for Seabrook.
(b) For further discussion regarding two wind projects involved in litigation that could potentially terminate long-term power sales agreements, see Note 17 – Other Contingencies.
(c) Represents on-peak mw hedged.

In managing its exposure to commodity prices, FPL Energy is dependent upon its counterparties to perform under their contractual obligations. FPL Energy actively manages the trade-off between market risk and credit risk, as well as exposure with

individual counterparties as a function of their creditworthiness. The majority of FPL Energy's 2003 contracted revenues are with investment grade counterparties.

FPL Energy's results are affected by natural fluctuations in weather. In addition to the effect of temperature, which is reflected in commodity prices and demand, changes in weather affect the wind portfolio as well as the hydro units in Maine.

FPL Energy expects project restructuring activities to contribute 10-15% to its net income in 2003. FPL Energy's wind development activities are expected to add between 700 and 1,200 mw during 2003, of which 434 mw have been announced. The majority of the new wind assets are expected to go into service during the second half of 2003, and consequently will have a greater impact on 2004 results of operations.

Corporate and Other – Corporate and Other is primarily comprised of FPL FiberNet and other corporate income and expenses such as interest income and interest expense. FPL FiberNet's net income (loss) was $(55) million, $15 million and $8 million, in 2002, 2001 and 2000, respectively. The net loss for 2002 includes impairment charges as a result of declines in the telecommunications market. FPL FiberNet completed valuation studies to assess the recoverability of its assets and as a result, in 2002, recorded charges of approximately $104 million ($64 million after tax). Of this amount, $85 million ($52 million after tax) represents an impairment charge related to property, plant and equipment, the fair value of which was determined based on a discounted cash flow analysis. Additionally, FPL FiberNet decided not to pursue the planned build-out of metro fiber rings in certain cities, and restructuring charges of $19 million ($12 million after tax) were recognized related to the write-off of development costs and inventory. These charges are included in restructuring and impairment charges in FPL Group's consolidated statements of income.

Although the demand for telecommunication capacity continues to grow, many telecommunication companies have filed for bankruptcy protection under Chapter 11 as market conditions deteriorated. This has caused customer credit to become a primary focus for the industry as credit downgrades have increased. Most of FPL FiberNet's customers are required to pay in advance and past due amounts are closely monitored and actively pursued. Several of FPL FiberNet's customers have filed for bankruptcy protection under Chapter 11 and reserves for any pre-petition receivables due to FPL FiberNet have been established. As a result of this deterioration and general economic conditions, FPL FiberNet has experienced a slowdown in its longhaul (intercity transport) business. FPL FiberNet's metropolitan network continues to benefit from an expanding customer base and increasing use of FPL FiberNet's network by its existing customers. FPL FiberNet's capital expenditure forecast for 2003-07 is approximately $50 million.

An indirect subsidiary of FPL Group has investments in several leveraged leases, two of which are with MCI Telecommunications Corporation (MCI). In July 2002, MCI filed for bankruptcy protection under Chapter 11. Due to the uncertainty of collectibility associated with these leveraged leases, FPL Group recorded a reserve during 2002 totaling $48 million ($30 million after tax), which is included in reserve for leveraged leases in FPL Group's consolidated statements of income. This reserve amount was offset by the favorable settlement of a prior year income tax matter. See Note 6. Also in 2001 and 2000, Corporate and Other recorded merger-related expenses totaling $4 million ($3 million after tax) and $3 million ($2 million after tax), respectively. For additional information regarding these expenses, see Note 9.

In connection with the redemption in 1999 of its one-third ownership interest in Olympus Communications, L.P. (Olympus), an indirect subsidiary of FPL Group holds a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia Communications Corp. (Adelphia). In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11. The note receivable plus accrued interest totaled approximately $127 million at December 31, 2002 and are included in other investments on FPL Group's consolidated balance sheets. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the SEC, and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. In July 2002, the SEC filed suit against Adelphia and certain of its officers alleging that Adelphia fraudulently excluded billions of dollars of debt from its financial statements, misstated its financial and operating results and concealed rampant self-dealing by the Rigas family, which controlled Adelphia. Pursuant to a bankruptcy court order, Olympus is required to file with the court updated financial information. After a number of motions to extend being granted by the court, updated financial information is now required to be filed by June 23, 2003.

In August 2002, an affidavit was filed in the bankruptcy court proceedings by a director of Lazard Freres & Co. LLC stating that, based on his analysis, the market value of FPL Group's secured interest in Olympus exceeded the carrying value of the note receivable plus accrued interest. In February 2003, FPL Group obtained an evaluation of the Olympus assets from an independent third party. The results of the evaluation, which was based on the limited information available, indicated that there is no impairment. However, the ultimate collectibility of the note receivable cannot be assured. FPL Group will continue to monitor these developments.

Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and to grow their businesses. These funds are used for working capital, capital expenditures, investments in or acquisitions of assets and businesses and, among other things, to redeem debt or pay maturing debt obligations. It is anticipated that these requirements will be satisfied through a combination of internally generated funds and the issuance, from time to time, of debt and equity securities, consistent with FPL Group's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. Credit ratings can affect FPL Group's and FPL's ability to obtain short- and long-term financing, the cost of such financing and the execution of their financing strategies.

In 2002, FPL Group raised approximately $1.4 billion through the issuance of 5.75 million shares of common stock and 21.62 million Corporate Units. Also during 2002, FPL redeemed $750 million and issued $600 million of first mortgage bonds and FPL Group Capital entered into two variable-rate term loans totaling $175 million. See Note 16. In October 2002, FPL and FPL Group Capital renewed their bank lines of credit that were scheduled to expire. Bank lines of credit available to FPL Group and its subsidiaries at December 31, 2002 aggregated approximately $3.1 billion ($2.1 billion for FPL Group Capital and $1 billion for FPL). Approximately one-half of these facilities expire in the second half of 2003, with the remainder expiring in 2004. These facilities are available to support the companies' commercial paper programs as well as for general corporate purposes. In 2002, FPL received a $230 million tax refund out of an estimated $300 million it expects to receive as a result of an IRS ruling, and paid special dividends totaling $375 million to FPL Group. Also, in 2002, 2001 and 2000, FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis.

FPL's charter and mortgage contain provisions which, under certain conditions, restrict the payment of dividends and the issuance of additional unsecured debt, first mortgage bonds and preferred stock. In light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

FPL Group and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of debt outstanding. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities maintained by FPL Group Capital and FPL, the maintenance of a specific minimum level of credit rating is not a condition to drawing upon those credit facilities. However, interest rates on loans under the credit facilities agreements and commitment fees are tied to credit ratings and would increase or decrease when ratings are changed. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper issuances and additional or replacement credit facilities, and could result in the requirement that FPL Group subsidiaries, including FPL, post collateral under certain power purchase and other agreements.

Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P). At February 28, 2003, Moody's and S&P had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's[a]	S&P[a]
FPL Group:		
Corporate credit rating	N/A	A
FPL:		
Corporate credit rating	A1	A/A-1
First mortgage bonds	Aa3	A
Pollution control, solid waste disposal and industrial development revenue bonds	Aa3/VMIG-1	A/A-1
Preferred stock	A3	BBB+
Commercial paper	P-1	A-1
FPL Group Capital:		
Corporate credit rating	N/A	A/A-1
Debentures	A2	A-
Commercial paper	P-1	A-1

[a] A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

In June 2002, Moody's confirmed its credit ratings for FPL and FPL Group Capital. The outlook indicated by Moody's for the ratings of FPL is stable, while the outlook for the ratings of FPL Group Capital is negative reflecting uncertainty in the wholesale generation market. In April 2002, following the announcement of the Seabrook acquisition, S&P placed FPL Group's credit rating on CreditWatch with negative implications. In November 2002, S&P removed the CreditWatch with negative implications for FPL Group. The outlook was revised to negative, and the "A" corporate credit rating was affirmed for FPL Group and subsidiaries.

FPL Group's and FPL's commitments at December 31, 2002 were as follows:

	2003	2004-05	2006-07	Thereafter	Total
			(millions)		
Long-Term Debt:					
FPL	$ 70	$ 500	$ -	$ 1,875	$ 2,445
FPL Energy	35	78	57	212	382
Corporate and Other	-	275	1,675	1,136	3,086
Standby letters of credit:					
FPL	9	-	-	-	9
FPL Energy	320	-	-	-	320
Corporate and Other	4	-	-	-	4
Guarantees:					
FPL Energy	105	6	214	332	657
Corporate and Other	-	2	-	1	3
Other commitments:					
FPL[a]	1,365	2,635	1,925	-	5,925
FPL Energy[b]	224	325	262	188	999
Corporate and Other	10	-	-	-	10
Total	$ 2,142	$ 3,821	$ 4,133	$ 3,744	$ 13,840

(a) Represents projected capital expenditures through 2007 to meet increased electricity usage and customer growth. Excludes minimum payments under purchased power and fuel contracts which are recoverable through various cost recovery clauses. See Note 17 – Contracts.

(b) Represents firm commitments in connection with the acquisition, development and expansion of independent power projects.

In 2000, subsidiaries of FPL Energy entered into two off-balance sheet financing arrangements with SPEs. In the first transaction, FPL Energy's subsidiary entered into an operating lease agreement to lease a 550 mw combined-cycle power generation plant. In the second transaction, the SPE was established to fund the construction of certain turbines and related equipment. This SPE arrangement was terminated in 2002. The SPE that remains had arranged funding commitments through debt and equity contributions from investors who are not affiliated with FPL Group. At December 31, 2002, $380 million had been drawn on these commitments. FPL Group Capital has guaranteed the obligations of the FPL Energy subsidiaries under these agreements, which are included in the table above. In addition, in 2002, FPL Energy received approximately $282 million which had previously been posted as collateral in connection with this off-balance sheet financing arrangement. See Note 17 – Off-Balance Sheet Financing Arrangement.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities," which will replace the current accounting guidance for SPEs. As a result, entities that are deemed to be VIEs in which FPL Group or one of its subsidiaries is considered to be the "primary beneficiary" will be consolidated. Variable interests are considered to be contractual, ownership, or other monetary interests in an entity that fluctuate with changes in the entity's net asset value. Under its current structure, FPL Group believes that the SPE discussed above will be required to be consolidated beginning in July 2003. At December 31, 2002, FPL Group's maximum exposure to loss as a result of its involvement with this SPE was $215 million.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement (PPA) that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

FPL Group has guaranteed certain payment obligations of FPL Group Capital, including those under the FPL Group Capital debt, commercial paper and guarantees discussed above. FPL has no outstanding guarantees.

FPL self-insures for damage to certain transmission and distribution properties and maintains a funded storm and property insurance reserve to reduce the financial impact of storm losses. The balance of the storm fund reserve at December 31, 2002 and 2001 was approximately $298 million and $235 million, respectively, representing the amount in the storm fund plus related deferred income taxes. The December 31, 2002 balance includes a one-time accrual of $35 million as approved by the FPSC. The FPSC has indicated that it would consider future storm losses in excess of the funded reserve for possible recovery from customers. FPL's bank lines of credit discussed above are also available if needed to provide cash for storm restoration costs.

Energy Marketing and Trading and Market Risk Sensitivity

Energy Marketing and Trading – Certain of FPL Group's subsidiaries, including FPL and FPL Energy, use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in fuel purchases and electricity sales, as well as to optimize the value of power generation assets. To a lesser extent, FPL Energy engages in limited energy trading activities to take advantage of expected future favorable price movements.

Derivative instruments are recorded on FPL Group's and FPL's balance sheets as either an asset or liability (in other current assets, other assets, other current liabilities and other liabilities) measured at fair value. At FPL, substantially all changes in fair value are deferred as a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses are passed through the fuel clause and the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, changes in the derivatives' fair value are recognized net in operating revenues for trading and managed hedge activities and in other – net for non-managed hedges in FPL Group's consolidated statements of income unless hedge accounting is applied. Settlement gains and losses are included within the line items in the statements of income to which they relate. See Note 5.

The changes in the fair value of FPL Group's derivative instruments for the year ended December 31, 2002, were as follows:

	Year Ended December 31, 2002		
	Trading & Managed Hedges	Non-Managed Hedges & Hedges in OCI	FPL Group Total
	(millions)		
Fair value of contracts outstanding at beginning of period	$ 1	$ (7)	$ (6)
Contracts realized or settled	(8)	(14)	(22)
Fair value of new contracts when entered into	9	-	9
Changes in valuation assumptions	-	2	2[a]
Other changes in fair values	2	67	69
Fair value of contracts outstanding at December 31, 2002	$ 4	$ 48	$ 52[b]

(a) Change in valuation assumption of correlation between power and fuel prices.
(b) Includes the fair value of FPL's derivative instruments of approximately $12 million at December 31, 2002.

The sources of fair value and maturity of derivative instruments at December 31, 2002 were as follows:

	Maturity						
	2003	2004	2005	2006	2007	Thereafter	Total
				(millions)			
Sources of Fair Value:							
Prices actively quoted	$ 50	$ (2)	$ (2)	$ -	$ -	$ -	$ 46
Prices provided by other external sources, primarily broker quotes	-	1	-	-	-	-	1
Prices based on models and other valuation methods	1	(1)	1	1	1	2	5
	$ 51	$ (2)	$ (1)	$ 1	$ 1	$ 2	$ 52

Market Risk Sensitivity – Substantially all financial instruments and positions affecting the financial statements of FPL Group and FPL described below are held for purposes other than trading. Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year. Management has established risk management policies to monitor and manage market risks. FPL Group's Exposure Management Committee (EMC), which is comprised of certain members of senior management, is responsible for the overall approval of market risk management policies and the delegation of approval and authorization levels. The EMC receives periodic updates on market positions and related exposures, credit exposures and overall risk management activities. FPL Group manages its interest rate exposure by monitoring current interest rates in relation to total capitalization.

Commodity price risk – FPL Group uses a value-at-risk (VaR) model to measure market risk in its trading and mark-to-market portfolios. The VaR is the estimated loss based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of December 31, 2002 and 2001, the VaR figures are as follows:

	Trading and Managed Hedges			Non-Managed Hedges and Hedges in OCI			Total		
	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group
					(millions)				
December 31, 2001	$ -	$ 1	$ 1	$ 2	$ 3	$ 5	$ 2	$ 2	$ 4
December 31, 2002	$ -	$ -	$ -	$ 1	$ 3	$ 4	$ 1	$ 3	$ 4
Average for the period ended December 31, 2002	$ 1	$ -	$ 1	$ 1	$ 8	$ 9	$ 2	$ 8	$ 10

Interest rate risk – The special use funds of FPL Group include restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of FPL Group's and FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities carried at their market value of approximately $1.184 billion and $1.020 billion ($1.066 billion and $1.020 billion for FPL) at December 31, 2002 and 2001, respectively. Adjustments to market value result in a corresponding adjustment to the related liability accounts based on current regulatory treatment for FPL. The market value adjustments of FPL Group's non-rate regulated operations result in a corresponding adjustment to other comprehensive income. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not expected to begin until at least 2012. See Note 12.

The following are estimates of the fair value of FPL's and FPL Group's long-term debt:

	December 31,			
	2002		2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
Long-term debt of FPL, including current maturities	$ 2,434	$ 2,578[a]	$ 2,579	$ 2,653[a]
Long-term debt of FPL Group, including current maturities	$ 5,895	$ 6,222[a]	$ 4,890	$ 5,080[a]

[a] Based on quoted market prices for these or similar issues.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of the net liabilities would increase by approximately $134 million ($47 million for FPL) at December 31, 2002.

Equity price risk – Included in the special use funds of FPL Group are marketable equity securities carried at their market value of approximately $689 million and $576 million ($578 million and $576 million for FPL) at December 31, 2002 and 2001, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $69 million ($58 million for FPL) reduction in fair value and corresponding adjustments to the related liability accounts based on current regulatory treatment at December 31, 2002.

New Accounting Rules and Interpretations

Goodwill and Other Intangible Assets – Effective January 1, 2002, FPL Group adopted FAS 142, "Goodwill and Other Intangible Assets." For information concerning the adoption of FAS 142, see Note 1 – Goodwill and Other Intangible Assets.

Accounting for Asset Retirement Obligations – Beginning in 2003, FPL Group and FPL will be required to adopt FAS 143, "Accounting for Asset Retirement Obligations." See Note 1 – Accounting for Asset Retirement Obligations.

Guarantees – In November 2002, the FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." See Note 1 – Guarantees.

Variable Interest Entities - In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." See Note 1 – Variable Interest Entities (VIEs).

Derivative Instruments – FPL Group is currently analyzing the effect on its financial statements of a change in interpretation of Derivative Implementation Group Issue C11. For further discussion, see Note 5.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity – Market Risk Sensitivity.

Item 8. Financial Statements and Supplementary Data

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS,
FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY:

We have audited the accompanying consolidated balance sheets of FPL Group, Inc. and subsidiaries and the separate consolidated balance sheets of Florida Power & Light Company and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the respective company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of FPL Group, Inc. and subsidiaries and the financial position of Florida Power & Light Company and subsidiaries at December 31, 2002 and 2001, and the respective results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7 to the consolidated financial statements, in 2002 FPL Group, Inc. and subsidiaries and Florida Power & Light Company and subsidiaries changed their method of accounting for goodwill to conform to Statement of Financial Accounting Standards No. 142.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 13, 2003

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)

	Years Ended December 31,		
	2002	2001	2000
OPERATING REVENUES	$ 8,311	$ 8,326	$ 7,062
OPERATING EXPENSES			
Fuel, purchased power and interchange	3,711	3,881	2,848
Other operations and maintenance	1,492	1,325	1,257
Restructuring and impairment charges	207	-	-
Merger-related	-	30	67
Depreciation and amortization	952	983	1,032
Taxes other than income taxes	721	711	618
Total operating expenses	7,083	6,930	5,822
OPERATING INCOME	1,228	1,396	1,240
OTHER INCOME (DEDUCTIONS)			
Interest charges	(311)	(324)	(278)
Preferred stock dividends – FPL	(15)	(15)	(15)
Reserve for leveraged leases	(48)	-	-
Equity in earnings of equity method investees	76	81	45
Other – net	9	22	48
Total other deductions – net	(289)	(236)	(200)
INCOME FROM OPERATIONS BEFORE INCOME TAXES	939	1,160	1,040
INCOME TAXES	244	379	336
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	695	781	704
CUMULATIVE EFFECT OF ADOPTING FAS 142, "GOODWILL AND OTHER INTANGIBLE ASSETS," NET OF INCOME TAXES OF $143	(222)	-	-
NET INCOME	$ 473	$ 781	$ 704
Earnings per share of common stock:			
Earnings per share before cumulative effect of adopting FAS 142	$ 4.02	$ 4.63	$ 4.14
Cumulative effect of adopting FAS 142	$ (1.28)	-	-
Earnings per share	$ 2.74	$ 4.63	$ 4.14
Earnings per share of common stock – assuming dilution:			
Earnings per share before cumulative effect of adopting FAS 142	$ 4.01	$ 4.62	$ 4.14
Cumulative effect of adopting FAS 142	$ (1.28)	-	-
Earnings per share	$ 2.73	$ 4.62	$ 4.14
Dividends per share of common stock	$ 2.32	$ 2.24	$ 2.16
Weighted-average number of common shares outstanding:			
Basic	172.9	168.7	169.9
Assuming dilution	173.3	168.9	170.2

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FPL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31, 2002	December 31, 2001
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 23,664	$ 21,272
Nuclear fuel – net	202	133
Construction work in progress	2,639	1,983
Less accumulated depreciation and amortization	(12,201)	(11,726)
Total property, plant and equipment – net	14,304	11,662
CURRENT ASSETS		
Cash and cash equivalents	266	82
Customer receivables, net of allowances of $26 and $8, respectively	642	636
Other receivables	223	144
Materials, supplies and fossil fuel inventory – at average cost	448	349
Deferred clause expenses	131	304
Other	198	87
Total current assets	1,908	1,602
OTHER ASSETS		
Special use funds	1,921	1,608
Other investments	697	1,035
Other	960	1,556
Total other assets	3,578	4,199
TOTAL ASSETS	$ 19,790	$ 17,463
CAPITALIZATION		
Common shareholders' equity	$ 6,390	$ 6,015
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	5,790	4,858
Total capitalization	12,406	11,099
CURRENT LIABILITIES		
Commercial paper	1,822	1,680
Notes payable	375	302
Current maturities of long-term debt	105	32
Accounts payable	458	473
Customers' deposits	316	285
Accrued interest and taxes	169	160
Deferred clause revenues	62	144
Other	604	563
Total current liabilities	3,911	3,639
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,547	1,302
Deferred regulatory credit – income taxes	73	88
Unamortized investment tax credits	120	140
Storm and property insurance reserve	298	235
Other	1,435	960
Total other liabilities and deferred credits	3,473	2,725
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 19,790	$ 17,463

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 473	$ 781	$ 704
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	908	983	1,032
Goodwill impairment	365	-	-
Restructuring and impairment charges	207	-	-
Increase (decrease) in deferred income taxes and related regulatory credit	219	(91)	283
Cost recovery clauses	135	411	(810)
(Increase) decrease in restricted cash	232	(260)	-
(Increase) decrease in customer receivables	(6)	6	(155)
(Increase) decrease in material, supplies & fuel	(56)	19	(27)
(Increase) decrease in other current assets	(86)	70	(152)
Increase (decrease) in accounts payable	(15)	(91)	157
Increase (decrease) in customers' deposits	31	31	(30)
Increase (decrease) in accrued interest & taxes	9	58	(36)
Increase in other current liabilities	2	55	87
Equity in earnings of equity method investees	(76)	(102)	(45)
Distribution of earnings from equity method investees	96	62	80
Increase in deferred pension debit	(63)	(110)	(112)
Increase (decrease) in other liabilities	(26)	98	10
Other – net	(11)	22	(10)
Net cash provided by operating activities	2,338	1,942	976
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	(1,256)	(1,154)	(1,299)
Independent power investments	(2,103)	(1,977)	(507)
Capital expenditures of FPL FiberNet	(21)	(128)	(88)
Increase in special use funds	(86)	(77)	(97)
Other – net	199	67	48
Net cash used in investing activities	(3,267)	(3,269)	(1,943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	1,770	920	947
Retirements of long-term debt	(797)	(87)	(515)
Increase in commercial paper and notes payable	214	824	819
Issuances of common stock	378	-	-
Repurchases of common stock	-	-	(150)
Dividends on common stock	(400)	(377)	(366)
Other – net	(52)	-	-
Net cash provided by financing activities	1,113	1,280	735
Net increase (decrease) in cash and cash equivalents	184	(47)	(232)
Cash and cash equivalents at beginning of year	82	129	361
Cash and cash equivalents at end of year	$ 266	$ 82	$ 129
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 311	$ 373	$ 301
Cash paid for income taxes (net of refunds totaling $256 in 2002)	$ (9)	$ 433	$ 160
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Additions to capital lease obligations	$ 74	$ 70	$ 43
Accrual for premium on publicly - traded equity units known as corporate units	$ 111	$ -	$ -

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(millions)

	Common Stock [a]						
	Shares	Aggregate Par Value	Additional Paid-In Capital	Unearned Compensation	Accumulated Other Comprehensive Income (Loss) [b]	Retained Earnings	Common Shareholders' Equity
Balances, December 31, 1999	179	$ 2	$ 3,148	$ (244)	$ (1)	$ 2,465	
Net income	-	-	-	-	-	704	
Repurchases of common stock	(3)	-	(150)	-	-	-	
Dividends on common stock	-	-	-	-	-	(366)	
Earned compensation under ESOP	-	-	12	15	-	-	
Other comprehensive income	-	-	-	-	1	-	
Other	-	-	(2)	9	-	-	
Balances, December 31, 2000	176 [c]	2	3,008	(220)	-	2,803	
Net income	-	-	-	-	-	781	
Dividends on common stock	-	-	-	-	-	(377)	
Earned compensation under ESOP	-	-	15	15	-	-	
Other comprehensive loss	-	-	-	-	(8)	-	
Other	-	-	2	(6)	-	-	
Balances, December 31, 2001	176 [c]	2	3,025	(211)	(8)	3,207	$ 6,015
Net income	-	-	-	-	-	473	
Issuances of common stock, net of issuance cost of $10	7	-	378	-	-	-	
Dividends on common stock	-	-	-	-	-	(400)	
Earned compensation under ESOP	-	-	16	16	-	-	
Premium on publicly-traded equity units known as Corporate Units	-	-	(111)	-	-	-	
Unamortized issuance cost on publicly-traded equity units known as Corporate Units	-	-	(29)	-	-	-	
Other comprehensive income	-	-	-	-	24	-	
Other	-	-	5	3	-	-	
Balances, December 31, 2002	183 [c]	$ 2	$ 3,284	$ (192)	$ 16	$ 3,280	$ 6,390

[a] $0.01 par value, authorized – 300,000,000 shares; outstanding 182,754,905 and 175,854,056 at December 31, 2002 and 2001, respectively.

[b] Comprehensive income, which includes net income and other comprehensive income (loss), totaled $497 million, $773 million and $705 million for 2002, 2001 and 2000, respectively.

[c] Outstanding and unallocated shares held by the Employee Stock Ownership Plan Trust totaled 6 million, 7 million and 7 million at December 31, 2002, 2001 and 2000, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(millions)

	Years Ended December 31,		
	2002	2001	2000
OPERATING REVENUES	$ 7,378	$ 7,477	$ 6,361
OPERATING EXPENSES			
Fuel, purchased power and interchange	3,306	3,495	2,511
Other operations and maintenance	1,225	1,082	1,062
Merger-related	-	26	62
Depreciation and amortization	831	898	975
Income taxes	425	393	351
Taxes other than income taxes	689	699	600
Total operating expenses	6,476	6,593	5,561
OPERATING INCOME	902	884	800
OTHER INCOME (DEDUCTIONS)			
Interest charges	(166)	(187)	(176)
Other – net	(4)	(3)	(2)
Total other deductions – net	(170)	(190)	(178)
NET INCOME	732	694	622
PREFERRED STOCK DIVIDENDS	15	15	15
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 717	$ 679	$ 607

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31, 2002	December 31, 2001
ELECTRIC UTILITY PLANT		
Plant in service	$ 19,864	$ 18,693
Less accumulated depreciation	(11,842)	(11,480)
Net	8,022	7,213
Nuclear fuel under capital lease – net	140	133
Construction work in progress	757	948
Electric utility plant – net	8,919	8,294
CURRENT ASSETS		
Cash and cash equivalents	-	1
Customer receivables, net of allowances of $9 and $7, respectively	503	546
Other receivables	125	61
Materials, supplies and fossil fuel inventory – at average cost	349	265
Deferred clause expenses	131	304
Other	57	53
Total current assets	1,165	1,230
OTHER ASSETS		
Special use funds	1,693	1,608
Other	860	792
Total other assets	2,553	2,400
TOTAL ASSETS	$ 12,637	$ 11,924
CAPITALIZATION		
Common shareholder's equity	$ 5,382	$ 5,444
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,364	2,579
Total capitalization	7,972	8,249
CURRENT LIABILITIES		
Commercial paper	722	232
Current maturities of long-term debt	70	-
Accounts payable	369	408
Customers' deposits	316	285
Accrued interest and taxes	175	207
Deferred clause revenues	62	144
Other	297	339
Total current liabilities	2,011	1,615
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,215	870
Deferred regulatory credit – income taxes	73	88
Unamortized investment tax credits	120	140
Storm and property insurance reserve	298	235
Other	948	727
Total other liabilities and deferred credits	2,654	2,060
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 12,637	$ 11,924

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31, 2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 732	$ 694	$ 622
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	787	898	975
Increase (decrease) in deferred income taxes and related regulatory credit	330	(233)	262
Cost recovery clauses	135	411	(810)
(Increase) decrease in customer receivables	43	(58)	(60)
(Increase) decrease in material, supplies & fuel	(84)	48	(14)
(Increase) decrease in other current assets	(2)	61	(91)
Increase (decrease) in accounts payable	(61)	(50)	79
Increase (decrease) in customers' deposits	31	31	(30)
Increase (decrease) in accrued interest & taxes	(32)	105	(10)
Increase (decrease) in other current liabilities	(41)	11	51
Increase in deferred pension debit	(100)	(102)	(108)
Other – net	68	10	(17)
Net cash provided by operating activities	1,806	1,826	849
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(1,256)	(1,154)	(1,299)
Increase in special use funds	(84)	(77)	(97)
Other – net	7	16	(3)
Net cash used in investing activities	(1,333)	(1,215)	(1,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	593	-	947
Retirements of long-term debt	(765)	(66)	(515)
Increase (decrease) in commercial paper	490	(328)	466
Capital contributions from FPL Group, Inc.	350	400	400
Dividends	(1,142)	(682)	(682)
Net cash provided by (used in) financing activities	(474)	(676)	616
Net increase (decrease) in cash and cash equivalents	(1)	(65)	66
Cash and cash equivalents at beginning of year	1	66	-
Cash and cash equivalents at end of year	$ -	$ 1	$ 66
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest	$ 174	$ 185	$ 175
Cash paid for income taxes (net of refunds totaling $283 in 2002)	$ 188	$ 543	$ 131
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Additions to capital lease obligations	$ 74	$ 70	$ 43
Transfer of net assets to FPL FiberNet, LLC	$ -	$ -	$ 100

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(millions)

	Common Stock [a]	Additional Paid-In Capital	Accumulated Other Comprehensive Loss [c]	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 1999	$ 1,373	$ 2,566	$ -	$ 854	
Net income available to FPL Group, Inc.	-	-	-	607	
Capital contributions from FPL Group, Inc.	-	400	-	-	
Dividends to FPL Group, Inc. [b]	-	-	-	(768)	
Balances, December 31, 2000	1,373	2,966	-	693	
Net income available to FPL Group, Inc.	-	-	-	679	
Capital contributions from FPL Group, Inc.	-	400	-	-	
Dividends to FPL Group, Inc.	-	-	-	(667)	
Balances, December 31, 2001	1,373	3,366	-	705	$ 5,444
Net income available to FPL Group, Inc.	-	-	-	717	
Capital contributions from FPL Group, Inc.	-	350	-	-	
Dividends to FPL Group, Inc.	-	-	-	(1,127)	
Other comprehensive loss	-	-	(2) [d]	-	
Balances, December 31, 2002	$ 1,373	$ 3,716	$ (2)	$ 295	$ 5,382

[a] Common stock, no par value, 1,000 shares authorized, issued and outstanding.

[b] Includes transfer of net assets to FPL FiberNet, LLC totaling approximately $100 million.

[c] Comprehensive income, which includes net income and other comprehensive income (loss), totaled $715 million, $679 million and $607 million for 2002, 2001 and 2000, respectively.

[d] Minimum supplemental employee retirement plan liability adjustment.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation – FPL Group, Inc.'s (FPL Group) operations are conducted primarily through its wholly-owned subsidiary Florida Power & Light Company (FPL) and its wholly-owned indirect subsidiary FPL Energy, LLC (FPL Energy). FPL, a rate-regulated public utility, supplies electric service to approximately 4.0 million customers throughout most of the east and lower west coasts of Florida. FPL Energy invests in independent power projects through both controlled and consolidated entities and non-controlling ownership interests in joint ventures essentially all of which are accounted for under the equity method.

The consolidated financial statements of FPL Group and FPL include the accounts of their respective majority-owned and controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Regulation – FPL is subject to regulation by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). Its rates are designed to recover the cost of providing electric service to its customers including a reasonable rate of return on invested capital. As a result of this cost-based regulation, FPL follows the accounting practices set forth in Statement of Financial Accounting Standards No. (FAS) 71, "Accounting for the Effects of Certain Types of Regulation." FAS 71 indicates that regulators can create assets and impose liabilities that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process.

FPL's regulatory assets and liabilities are as follows:

	December 31,	
	2002	2001
	(millions)	
Assets (current and long-term):		
Unamortized debt reacquisition costs	$ 41	$ 17
Deferred Department of Energy assessment	$ 24	$ 30
Litigation settlement (see Note 10)	$ 178	$ 223
Deferred losses on sale of utility property	$ 1	$ 1
Liabilities:		
Deferred regulatory credit – income taxes	$ 73	$ 88
Unamortized investment tax credits	$ 120	$ 140
Storm and property insurance reserve (see Note 17 – Insurance)	$ 298	$ 235
Discretionary depreciation and nuclear amortization	$ 140	$ -
Unamortized gains on reacquired debt	$ 5	$ 5
Deferred gains on sale of utility property	$ 5	$ 5

During 2002 in accordance with the terms of the current rate agreement with the FPSC, which became effective April 15, 2002, as well as other FPSC actions with regard to accumulated nuclear amortization, FPL reclassified certain amounts that were previously classified within accumulated depreciation to a regulatory liability, which is included in other liabilities on FPL Group's and FPL's consolidated balance sheets. The amounts reclassified include $170 million of special depreciation which will be credited to depreciation expense at up to $125 million per year over the term of the rate agreement, which extends through December 31, 2005, and $99 million of nuclear amortization which will be credited to depreciation expense ratably over the remaining life of the plants, based on the term of the existing operating licenses of the plants, at a rate of $7 million per year.

The amounts presented in the table above exclude clause-related regulatory assets and liabilities that are recovered or refunded over the next twelve-month period. Those amounts are included in deferred clause expenses and deferred clause revenues on the consolidated balance sheets. Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through the various clauses, include substantially all fuel, purchased power and interchange expenses, conservation and certain environmental-related expenses, certain revenue taxes and franchise fees. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net under- or over-recovery. Any under-recovered costs or over-recovered revenues are collected from or returned to customers in subsequent periods. Although deferred clause revenues and expenses do not significantly affect net income, under- or over-recoveries of such can significantly affect FPL Group's and FPL's operating cash flows.

Significant regulatory assets and liabilities have been recorded on FPL Group's and FPL's books as a result of FAS 71. If FPL were no longer subject to cost-based rate regulation, these regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. The continued applicability of FAS 71 is assessed at each reporting period.

Various states, other than Florida, have enacted legislation or have state commissions that have issued orders designed to allow retail customers to choose their electricity supplier. This regulatory restructuring is expected to result in a shift from cost-based rates to market-based rates for energy production and other services provided to retail customers. Although the legislation and initiatives vary substantially, common areas of focus include when market-based pricing will be available for wholesale and retail customers, what existing prudently incurred costs in excess of the market-based price will be recoverable and whether generating assets should be separated from transmission, distribution and other assets. It is generally believed transmission and distribution activities would remain regulated. Recently, these state restructuring efforts have diminished and several states have delayed the implementation or reversed previously approved restructuring legislation and rules. Management believes it is unlikely there will be any state actions to restructure the electric industry in Florida in the near future.

The FPSC promotes competition for building major new steam generating capacity by requiring investor-owned electric utilities, such as FPL, to issue a request for proposal. The request for proposal process allows independent power producers and others to bid to supply the needed generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generation capacity of the type proposed, the investor-owned electric utility would seek to negotiate a power purchase agreement with the selected bidder and request that the FPSC authorize the construction of the bidder's generation capacity under the terms of the power purchase agreement. In 2002, FPL received approval to construct new generation at its Martin and Manatee sites.

The FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. In 1999, the FERC issued its final order on RTOs which, under a variety of structures, provides for the independent operation of transmission systems for a given geographic area. In March 2001, the FERC approved GridFlorida LLC (FPL's, Progress Energy Florida, Inc.'s and Tampa Electric Company's proposed RTO) as the RTO for peninsular Florida. In December 2001, the FPSC determined that the RTO as proposed was not in the best interest of Florida customers and required the companies to develop a modified proposal. In March 2002, FPL, Progress Energy Florida, Inc. and Tampa Electric Company filed a modified RTO proposal with the FPSC changing the structure of Grid Florida LLC (GridFlorida) from a for-profit transmission company to a non-profit ISO. Under the proposal, FPL would continue to own its transmission lines and the ISO would manage them. In September 2002, the FPSC approved many of the aspects of the modified RTO proposal, allowing recovery of GridFlorida's incremental costs through the capacity cost recovery clause (capacity clause) and setting a hearing date of October 31, 2002 on market design and other outstanding issues. In October 2002, State of Florida Office of Public Counsel (Public Counsel) filed a notice of administrative appeal with the Supreme Court of Florida seeking an appeal of the FPSC's order, which caused an automatic stay of the proceedings. On October 28, 2002, the FPSC ordered that the GridFlorida proceedings be held in abeyance pending Public Counsel's appeal. On December 12, 2002, Public Counsel filed their brief. Public Counsel contends that the FPSC should not approve the ISO proposal because the FPSC cannot voluntarily abdicate its jurisdiction over retail transmission rates and transmission planning and the ISO will not be subject to the FPSC's jurisdiction. Oral arguments are scheduled for May 6, 2003. A ruling from the Supreme Court of Florida is expected in late 2003.

In July 2002, the FERC issued a notice of proposed rulemaking to reform public utilities' transmission tariffs and implement a standardized design for electric markets in the United States. The proposed rule would, among other things, require FERC regulated entities, including FPL, that own, control or operate transmission facilities to hire an independent transmission provider, which can be an RTO such as GridFlorida for the operation of those facilities. The proposed rule also will require the independent transmission provider to administer various spot markets for the sale of electricity and ancillary services and to manage congestion on the transmission system using financial congestion rights. State regulators from the southeast and western states have expressed strong reservations about FERC's proposal. FPL is evaluating the proposed rule and is currently unable to determine the effects, if any, on FPL's operations. The FERC has announced it will be issuing a "white paper" in April 2003 incorporating comments received on its proposed rule. The "white paper" will re-examine the schedule, which had originally proposed full implementation of the standard market design by September 2004. The FERC will allow parties to file comments on the "white paper" before issuing its final order this fall.

Revenues and Rates – FPL's retail and wholesale utility rate schedules are approved by the FPSC and the FERC, respectively. FPL records unbilled base revenues for the estimated amount of energy delivered to customers but not yet billed. Unbilled base revenues are included in customer receivables and amounted to $140 million and $146 million and at December 31, 2002 and 2001, respectively. FPL's operating revenues also include amounts resulting from cost recovery clauses (see Regulation), franchise fees and gross receipts taxes. Franchise fees and gross receipts taxes are imposed on FPL however, the FPSC allows FPL to include in rates charged to customers the amount of the gross receipts tax for all customers and the franchise amount for those customers located in the jurisdiction that imposes the fee. Accordingly, franchise fees and gross receipts taxes are reported gross in operating revenues and taxes other than income taxes on FPL Group and FPL's consolidated statements of income and were approximately $372 million, $388 million and $316 million in 2002, 2001 and 2000, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on FPL Group and FPL's consolidated balance sheets. FPL Energy's revenue is recorded as electricity is delivered, which is when revenue is earned.

In March 2002, the FPSC approved a new rate agreement regarding FPL's retail base rates, which became effective April 15, 2002 and expires December 31, 2005. The 2002-2005 rate agreement replaced a rate agreement that was effective April 15, 1999 through April 14, 2002. Both agreements include a revenue sharing mechanism for each of the twelve-month periods covered by the agreement, whereby revenues from retail base operations in excess of a stated threshold are required to be shared on the basis of two-thirds refunded to retail customers and one-third retained by FPL. Revenues from retail base operations in excess of a second threshold are required to be refunded 100% to retail customers.

During the term of the 1999-2002 rate agreement, FPL's return on common equity (ROE) was from time to time outside the 10% – 12% authorized range. However, the revenue sharing mechanism described above was specified as the appropriate and exclusive mechanism to address that circumstance. The agreement included provisions which limited depreciation rates and accruals for nuclear decommissioning and fossil dismantlement costs to the then approved levels and limited amounts recoverable under the environmental compliance cost recovery clause during the term of that agreement.

The 2002-2005 rate agreement provides for a $250 million annual reduction in retail base revenues allocated to all customers by reducing customers' base rates and service charges by approximately 7%. The revenue sharing thresholds specified in the 2002-2005 rate agreement are as follows:

	Years Ended December 31,			
	2002[(a)]	2003	2004	2005
	(millions)			
66 2/3% to customers	$3,580	$3,680	$3,780	$3,880
100% to customers	$3,740	$3,840	$3,940	$4,040

(a) Refund is limited to 71.5% (representing the period April 15 through December 31, 2002) of the revenues from base rate operations exceeding the thresholds.

During the term of the 2002-2005 rate agreement, FPL will not have an authorized regulatory ROE range for the purpose of addressing earnings levels. However, FPL will continue to file monthly earnings surveillance reports with the FPSC and if the reported ROE falls below 10% during the term of the 2002-2005 rate agreement, FPL may petition the FPSC to amend its base rates. The 2002-2005 rate agreement would terminate on the effective date of any final order issued in a proceeding that changes FPL's base rates.

In April 2002, the South Florida Hospital and Healthcare Association and certain hospitals filed a joint notice of administrative appeal with the FPSC and the Supreme Court of Florida appealing the FPSC's approval of the 2002-2005 rate agreement. The appellants contend that the FPSC rushed to judgment and approved the settlement without the benefit of any evidentiary record to support its actions, and requested that the Supreme Court remand the case to the FPSC for additional proceedings. Initial briefs, answer briefs and a reply brief were filed by the parties during 2002. Oral arguments are expected to take place in mid-2003. FPL intends to vigorously contest this appeal and believes that the FPSC's decision approving the 2002-2005 rate agreement will be upheld.

Under both the 1999-2002 and the 2002-2005 rate agreements, the accrual for the refund associated with the revenue sharing mechanism is computed monthly for each twelve-month period of the rate agreement. At the beginning of each twelve-month period, planned revenues are reviewed to determine if it is probable that the threshold will be exceeded. If so, an accrual is recorded each month for a portion of the anticipated refund based on the relative percentage of year-to-date planned revenues to the total estimated revenues for the twelve-month period, plus accrued interest. In addition, if in any month actual revenues are above or below planned revenues, the accrual is increased or decreased as necessary to recognize the effect of this variance on the expected refund amount. Under the 2002-2005 rate agreement, the annual refund (including interest) is paid to customers as a credit to their February electric bill beginning in 2003. At December 31, 2002, the accrual for the revenue refund was approximately $11 million.

Electric Plant, Depreciation and Amortization – The cost of additions to units of utility property of FPL and FPL Energy is added to electric utility plant. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less net salvage, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. At December 31, 2002, the electric generating, transmission, distribution and general facilities of FPL represented approximately 44%, 13%, 37% and 6%, respectively, of FPL's gross investment in electric utility plant in service. Substantially all electric utility plant of FPL is subject to the lien of a mortgage securing FPL's first mortgage bonds. FPL Energy's Doswell generating facility is encumbered by liens against its assets securing bonds issued by an FPL Energy subsidiary in July 2001. Substantially all of the assets of Doswell serve as collateral and approximated $394 million at December 31, 2002.

Depreciation of FPL's electric property is primarily provided on a straight-line average remaining life basis. FPL includes in depreciation expense a provision for fossil plant dismantlement and nuclear plant decommissioning (see Decommissioning and Dismantlement of Generating Plant). For substantially all of FPL's property, depreciation studies are performed and filed with the FPSC at least every four years. In April 1999, the FPSC granted final approval of FPL's most recent depreciation studies, which were effective January 1, 1998. The weighted annual composite depreciation rate for FPL's electric plant in service, including

intangible software, but excluding the effects of decommissioning and dismantlement, was approximately 4.4% for 2002, 4.4% for 2001 and 4.5% for 2000. Further, these rates exclude the depreciation adjustments discussed below. FPL Energy's electric plants in service less salvage value are depreciated using the straight-line method over their estimated useful lives. FPL Energy's effective depreciation rates were 4.0%, 4.0% and 3.7% for 2002, 2001 and 2000, respectively.

The 1999-2002 rate agreement (see Revenues and Rates) allowed FPL at its discretion to recover, as special depreciation, up to $100 million in each year of the three-year agreement period. The additional depreciation recovery was required to be applied to nuclear and/or fossil generating assets based on future depreciation studies. Under the 1999-2002 rate agreement, on a calendar year basis FPL recorded nothing in 2002 and 2001 and $101 million of special depreciation in 2000. Under the 2002-2005 rate agreement (see Revenues and Rates), depreciation will be reduced on FPL's plant in service by $125 million in each year 2002 through 2005. These depreciation adjustments are included in earnings and will be allocated to the appropriate assets when FPL files its comprehensive depreciation studies at the end of 2005.

Nuclear Fuel – FPL leases nuclear fuel for all four of its nuclear units. Nuclear fuel lease expense was $71 million, $70 million and $82 million in 2002, 2001 and 2000, respectively. Included in this expense was an interest component of $3 million, $5 million and $9 million in 2002, 2001 and 2000, respectively. Nuclear fuel lease payments and a charge for spent nuclear fuel disposal are charged to fuel expense on a unit of production method. These costs are recovered through the fuel and purchased power cost recovery clause (fuel clause). Under certain circumstances of lease termination, FPL is required to purchase all nuclear fuel in whatever form at a purchase price designed to allow the lessor to recover its net investment cost in the fuel, which totaled $140 million at December 31, 2002. For ratemaking, these leases are classified as operating leases. For financial reporting, the capital lease obligation is recorded at the amount due in the event of lease termination.

Seabrook Station (Seabrook) has several long-term contracts for the supply, enrichment, conversion and fabrication of nuclear fuel. See Note 17 – Contracts. Seabrook's nuclear fuel costs are charged to fuel expense on a unit of production method.

Decommissioning and Dismantlement of Generating Plant – FPL accrues nuclear decommissioning costs over the expected service life of each nuclear generating unit. Nuclear decommissioning studies are performed at least every five years and are submitted to the FPSC for approval. FPL's latest nuclear decommissioning studies were approved by the FPSC in December 2001 and became effective in May 2002. The changes included a reduction in the annual decommissioning expense accrual to $79 million from $85 million and the reclassification of approximately $99 million of accumulated nuclear amortization to a regulatory liability, which is amortized as a reduction of depreciation expense over the remaining life of the nuclear units. These studies assume prompt dismantlement for the Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2012 and 2013, respectively, when the original operating licenses were to expire. Current plans, which are consistent with the term of the existing operating licenses, call for St. Lucie Unit No. 1 to be mothballed beginning in 2016 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 beginning in 2023. These studies also assume that FPL will be storing spent fuel on site pending removal to a U.S. government facility. The studies indicate FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage, to be $6.4 billion. Decommissioning expense accruals, included in depreciation and amortization expense, were $81 million in 2002 and $85 million in each of 2001 and 2000. FPL's portion of the ultimate cost of decommissioning its four units, expressed in 2002 dollars, is estimated by the studies to aggregate $2.0 billion. At both December 31, 2002 and 2001, the accumulated provision for nuclear decommissioning totaled approximately $1.7 billion and is included in accumulated depreciation. See Electric Plant, Depreciation and Amortization and Accounting for Asset Retirement Obligations.

Similarly, FPL accrues the cost of dismantling its fossil fuel plants over the expected service life of each unit. Fossil fuel plant dismantlement studies are performed and filed with the FPSC at least every four years. FPL's latest fossil fuel plant dismantlement studies became effective January 1, 1999. Fossil dismantlement expense was $16 million in 2002, $16 million in 2001 and $14 million in 2000 and is included in depreciation and amortization expense. The studies indicate that FPL's portion of the ultimate cost to dismantle its fossil units is $482 million. At December 31, 2002 and 2001, the accumulated provision for fossil dismantlement totaled $260 million and $253 million, respectively, and is included in accumulated depreciation. See Electric Plant, Depreciation and Amortization and Accounting for Asset Retirement Obligations.

Restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units are included in special use funds of FPL. Consistent with regulatory treatment, securities held in the decommissioning funds are carried at market value with market adjustments resulting in a corresponding adjustment to the accumulated provision for nuclear decommissioning. See Note 12 – Special Use Funds. Contributions to the funds are based on current period decommissioning expense. Additionally, fund earnings, net of taxes, are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

In accounting for the purchase of its interest in Seabrook, FPL Energy recorded a nuclear decommissioning liability of approximately $150 million which represents the fair value of its ultimate decommissioning liability as determined by an independent study. See Note 2. During 2002, the liability was accreted using the interest method over an assumed license extension period that runs through 2050. In 2002, FPL Energy recorded approximately $2 million of accretion expense related to Seabrook's nuclear decommissioning liability, which is included in depreciation and amortization expense on FPL Group's consolidated statements of income. As of December 31, 2002, FPL Energy's accumulated provision for Seabrook's nuclear decommissioning totaled approximately $152 million and is included in other liabilities on FPL Group's consolidated balance

sheet. See Accounting for Asset Retirement Obligations.

Seabrook's current decommissioning funding plan provides for accelerated funding through 2006 and completion of funding by 2026. The funding plan is based on a comprehensive nuclear decommissioning study reviewed by the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) in 1999 and is effective for four years. Seabrook will file an updated nuclear decommissioning study in mid-2003 with the NDFC. The decommissioning study filed with the NDFC in 1999 indicates that FPL Energy's 88.23% of the ultimate cost of decommissioning Seabrook, including costs associated with spent fuel storage, is $1.7 billion, or $516 million, expressed in 2002 dollars.

As of December 31, 2002, FPL Energy's 88.23% portion of Seabrook's restricted trust fund for the payment of future expenditures to decommission Seabrook is approximately $229 million and is included in special use funds on FPL Group's consolidated balance sheet. Marketable securities held in the decommissioning fund are classified as available for sale and are carried at market value with market adjustments resulting in a corresponding adjustment to other comprehensive income. Fund earnings, net of taxes are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes. See Note 12 – Special Use Funds.

Accrual for Major Maintenance Costs – Consistent with regulatory treatment, FPL's estimated nuclear maintenance costs for each nuclear unit's next planned outage are accrued over the period from the end of the last outage to the end of the next planned outage. During 2002, the FPSC authorized deferral and amortization of the estimated costs for inspection and repair of FPL's four reactor vessel heads on a levelized basis over a five-year period beginning in 2002. The accrual for nuclear maintenance costs at December 31, 2002 and 2001 totaled $51 million and $23 million, respectively, and is included in other liabilities. Any difference between the estimated and actual costs is included in O&M expenses when known.

FPL Energy's estimated major maintenance costs for each generating unit's next planned outage are accrued over the period from the end of the last outage to the end of the next planned outage. The accrual for FPL Energy's major maintenance costs totaled $47 million and $28 million at December 31, 2002 and 2001, respectively. Any difference between the estimated and actual costs is included in O&M expenses when known.

Stock-Based Compensation – FAS 123, "Accounting for Stock-Based Compensation," encourages a fair value based method of accounting for stock-based compensation. FPL Group, however, uses the intrinsic value based method of accounting as permitted by the statement. Stock-based compensation expense was approximately $23 million, $22 million and $80 million in 2002, 2001 and 2000, respectively. Stock-based compensation expense in 2000 reflects merger-related costs associated with the change in control provision in FPL Group's long-term incentive plan. Compensation expense for restricted stock and performance shares is the same under the fair value and the intrinsic value based methods. The following table illustrates the effect on net income and earnings per share if FPL Group's compensation expense relating to options had been determined using the fair value based method:

	Years Ended December 31,		
	2002	2001	2000
	(millions, except per share amounts)		
Net income, as reported	$ 473	$ 781	$ 704
Deduct: total stock-based employee compensation expense determined under fair value based method, net of related tax effects	(7)	(6)	(8)
Pro forma net income	$ 466	$ 775	$ 696
Earnings per share:			
Basic - as reported	$ 2.74	$ 4.63	4.14
Basic - pro forma	$ 2.69	$ 4.60	4.10
Assuming dilution - as reported	$ 2.73	$ 4.62	4.14
Assuming dilution - pro forma	$ 2.69	$ 4.59	4.09

The fair value of the options granted in 2002, 2001 and 2000 were estimated on the date of the grant using the Black-Scholes option-pricing model with a weighted-average expected dividend yield of 4.04%, 4.23% and 3.82%, a weighted-average expected volatility of 19.18%, 19.01% and 20.27%, a weighted-average risk-free interest rate of 4.99%, 4.98% and 6.59% and a weighted-average expected term of 7 years, 7 years and 10 years, respectively.

Construction Activity – Allowance for funds used during construction (AFUDC) is a non-cash item which represents the allowed cost of capital, including a return on common equity, used to finance construction projects. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest expense and the remainder is recorded as other income. The FPSC rules limit the recording of AFUDC to projects that cost in excess of 0.5% of a utility's plant in service balance and require more than one year to complete. The FPSC rules allow construction projects below the 0.5% threshold as a component of rate base.

During 2002, FPL did not capitalize AFUDC on any construction projects. During 2003, FPL's Martin and Manatee expansion projects will qualify for AFUDC.

FPL's construction work in progress at December 31, 2002 is primarily attributable to the addition of two new gas-fired combustion turbines at its Fort Myers site, the repowering of Sanford Unit No. 4 and the addition of combined cycle generation at its Martin and Manatee sites. Included in construction work in progress are construction materials, progress payments on turbine generators, third party engineering costs and other costs directly associated with the construction of a project. Upon commencement of plant operation, these costs are transferred to electric utility plant in service.

FPL Energy capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of a power plant. At December 31, 2002 and 2001, FPL Energy's capitalized development costs totaled $31 million and $61 million, respectively, which are included in other assets on FPL Group's consolidated balance sheets. These costs include professional services, permits and other third party costs directly associated with the development of a new project. Upon commencement of operations these costs are transferred to electric utility plant or other assets, depending upon the nature of the cost. Capitalized development costs are charged to O&M expenses when the development of a project is no longer probable. See Note 4. In addition to capitalized development costs, FPL Energy capitalizes interest on its construction projects. Interest capitalized on construction projects amounted to $90 million, $55 million and $23 million during 2002, 2001 and 2000, respectively. FPL Energy's interest charges are based on an assumed capital structure of 50% debt for operating projects and 100% debt for projects under construction.

FPL Energy's construction work in progress at December 31, 2002 is primarily attributable to new gas and wind projects under construction. Included in construction work in progress are construction materials, prepayments on turbine generators, third party engineering costs, interest and other costs directly associated with the construction of the project. Upon commencement of plant operation, these costs are transferred to electric utility plant in service and other property.

Storm Fund – The storm fund provides coverage toward FPL's storm damage costs and possible retrospective premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. Securities held in the fund are carried at market value with market adjustments resulting in a corresponding adjustment to the storm and property insurance reserve. See Note 12 – Special Use Funds and Note 17 – Insurance. Fund earnings, net of taxes, are reinvested in the fund. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes. Accordingly, at December 31, 2002, the storm and property insurance reserve (approximately $298 million) equals the amount in the storm fund (approximately $183 million) plus related deferred income taxes (approximately $115 million).

Investments in Leveraged Leases – Subsidiaries of FPL Group, other than FPL, have investments in leveraged leases, which at December 31, 2002 and 2001, totaled $106 and $155 million, respectively, and are included in other investments on FPL Group's consolidated balance sheets. The related deferred tax liabilities totaled $108 million and $135 million at December 31, 2002 and 2001, respectively, and are included in accumulated deferred income taxes. See Note 17 – Other Contingencies.

Impairment of Long-Lived Assets – FPL Group evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable as described in FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." See Note 4.

Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Restricted cash – At December 31, 2002, FPL Group had approximately $36 million of restricted cash included in other current assets on FPL Group's consolidated balance sheets, essentially all of which is restricted for the payment of operating and/or construction expenditures. At December 31, 2001, FPL Group had approximately $267 million of restricted cash included in other assets on FPL Group's consolidated balance sheets, most of which was posted as cash collateral for an off-balance sheet financing arrangement. See Note 17 – Off-Balance Sheet Financing Arrangement.

Allowance for Doubtful Accounts – FPL maintains an accumulated provision for uncollectible customer accounts receivable that is determined by multiplying the previous six months of revenues by a bad debt percentage, which represents an average of the past two years' actual write-offs. Additional amounts are included in the provision to address specific items that are not considered in the calculation described above. FPL Energy and FPL FiberNet, LLC (FPL FiberNet) regularly review collectibility of their receivables and establish a provision for losses when necessary using the specific identification method.

Inventory – FPL values materials, supplies and fossil fuel inventory using a weighted-average cost method. FPL Energy's oil and gas inventories are carried at the lower of cost or market using a weighted-average cost basis. FPL Energy's spare parts are carried at the lower of cost or market using specifically identified cost. FPL FiberNet utilizes a weighted-average cost method to value its inventory.

Retirement of Long-Term Debt – The excess of FPL's reacquisition cost over the book value of long-term debt which is retired is deferred and amortized to expense ratably over the remaining life of the original issue, which is consistent with its treatment in the

ratemaking process. See Regulation. FPL Group Capital Inc (FPL Group Capital) recognizes as expense any such excess at time of retirement.

Income Taxes – Deferred income taxes are provided on all significant temporary differences between the financial statement and tax bases of assets and liabilities. FPL Group's subsidiaries are included in the consolidated federal income tax return and determine their income tax provisions on the "separate return method." The deferred regulatory credit – income taxes of FPL represents the revenue equivalent of the difference in accumulated deferred income taxes computed under FAS 109, "Accounting for Income Taxes," as compared to regulatory accounting rules. This amount is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities which resulted in the initial recognition of the deferred tax amount. Investment tax credits (ITC) for FPL are deferred and amortized to income over the approximate lives of the related property in accordance with the regulatory treatment. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized. See Note 6.

Energy Trading – FPL Energy engages in limited energy trading activities to optimize the value of electricity and fuel contracts and generating facilities, as well as to take advantage of expected favorable commodity price movements. These activities are accounted for at market value. Beginning in the third quarter of 2002, FPL Group adopted guidance provided in the June consensus of Emerging Issues Task Force (EITF) Issue No. 02-3, which requires realized gains and losses from all trading contracts, including those where physical delivery is required, to be recorded net and comparative financial statement amounts for prior periods to be reclassified. Previously, FPL Energy's realized gains and losses from trading in financial instruments were recorded net in operating revenues and realized gains and losses from trading in physical power contracts were recorded gross in operating revenues and fuel, purchased power and interchange in FPL Group's consolidated statements of income. The netting of realized gains from physical trading and managed hedge activities resulted in reduced revenues and fuel, purchased power and interchange expenses by $193 million for the six months ended June 30, 2002 (the guidance was adopted in the beginning of the third quarter of 2002) and $149 million and $20 million for the years ended December 31, 2001 and 2000, respectively. Effective January 1, 2003, FPL Group adopted the provisions of the EITF 02-3 October consensus, which did not have a significant effect on FPL Group's financial statements. The guidance requires that trading activities that meet the definition of a derivative under FAS 133 be marked-to-market and reported on a net basis.

Goodwill and Other Intangible Assets – Effective January 1, 2002, FPL Group adopted FAS 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted. Instead, goodwill is assessed for impairment at least annually by applying a fair-value based test. See Note 7.

Accounting for Asset Retirement Obligations – Effective January 1, 2003, FPL Group and FPL adopted FAS 143, "Accounting for Asset Retirement Obligations." The statement requires that a liability for the fair value of an asset retirement obligation be recognized in the period in which it is incurred with the offsetting associated asset retirement cost capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the useful life of the related asset. Changes in the asset retirement obligation resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense. Prior to January 1, 2003, FPL accrued asset retirement obligations over the life of the related asset through depreciation expense. See Decommissioning and Dismantlement of Generating Plant. Upon adoption of FAS 143, with respect to amounts for nuclear decommissioning, FPL reversed the approximately $1.6 billion it had previously recorded in accumulated depreciation and recorded an asset retirement obligation of approximately $1.8 billion. FPL capitalized a net asset related to the asset retirement obligation of approximately $231 million. The difference, approximately $29 million, was deferred as a regulatory liability. FPL's asset retirement obligations other than nuclear decommissioning were not significant. The adoption of FAS 143 results in timing differences in the recognition of legal asset retirement costs for financial reporting purposes and the method the FPSC allows FPL to recover in rates. Accordingly, any differences between the ongoing expense recognized under FAS 143 and the amount recoverable through rates will be deferred in accordance with FAS 71. Approximately $1.8 billion remains in accumulated depreciation for previously recorded asset retirement costs that are not considered legal obligations.

In addition to the amounts recorded by FPL, the adoption of FAS 143 by FPL Energy resulted in an increase in asset retirement obligations of approximately $6 million, an increase to net property, plant and equipment of approximately $6 million and a decrease to investments in partnerships and joint ventures of approximately $1 million. The difference, a loss of approximately $1 million, was recorded as the cumulative effect of a change in accounting principle.

Guarantees – In November 2002, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The interpretation requires that guarantors recognize at the inception of a guarantee a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of the interpretation are to be applied on a prospective basis to guarantees issued or modified after December 31, 2002. See additional disclosures in Note 17 – Commitments.

Variable Interest Entities (VIEs) – In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." The interpretation will require FPL Group and FPL to assess the variable interests they hold and to determine if those entities are VIEs. If FPL Group or FPL holds the majority of the variable interests in a VIE that was in existence at January 31, 2003, it will be required to consolidate that entity on July 1, 2003. For interests in VIEs created after January 31, 2003, the new rules must be applied immediately. Under its current structure, FPL Group believes that the special purpose entity (SPE) discussed in Note 17 – Off-Balance Sheet Financing Arrangement will be required to be consolidated beginning in July 2003. FPL Group and FPL are in the process of evaluating the effects that FIN 46 would have on their interests in entities accounted for under the equity method and other potential VIEs.

2. Seabrook

To strengthen its competitive position in the northeast electric utility market, on November 1, 2002, FPL Energy completed the purchase of an 88.23% undivided interest, or 1,024 mw, in Seabrook located in New Hampshire. The transaction was financed through general funds of FPL Group Capital. Since November 1, 2002, FPL Energy's proportionate share of Seabrook's results have been included in FPL Group's consolidated financial statements. See Note 11. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (millions).

Property, plant and equipment	$ 774
Decommissioning trust fund	227
Other assets	61
Total assets acquired	1,062
Nuclear decommissioning liability	150
Other liabilities	104
Total liabilities assumed	254
Net assets acquired	$ 808

3. Employee Retirement Benefits

FPL Group and its subsidiaries sponsor a noncontributory defined benefit pension plan and defined benefit postretirement plans for health care and life insurance benefits (other benefits) for substantially all employees. Effective November 1, 2002, FPL Group acquired Seabrook. The liabilities and obligations shown below reflect the acquisition. The following tables provide a reconciliation of the changes in the plans' benefit obligations, fair value of assets and a statement of the funded status:

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
	(millions)			
Change in benefit obligation:				
Obligation at October 1 of prior year	$ 1,353	$ 1,205	$ 387	$ 350
Service cost	52	48	6	6
Interest cost	84	82	24	23
Participant contributions	-	-	2	1
Plan amendments	(3)	42	-	-
Acquisition	48	-	12	-
Special termination benefits	4	-	-	-
Actuarial (gains) losses – net	(55)	55	68	29
Benefit payments	(78)	(79)	(30)	(22)
Obligation at September 30	1,405	1,353	469	387
Change in plan assets:				
Fair value of plan assets at October 1 of prior year	2,546	2,750	74	98
Actual return on plan assets	(80)	(117)	(1)	(1)
Participant contributions	-	-	2	1
Benefit payments	(78)	(87)	(30)	(24)
Fair value of plan assets at September 30	2,388	2,546	45	74
Funded Status:				
Funded status at September 30	983	1,193	(424)	(313)
Unrecognized prior service cost	(43)	(39)	-	-
Unrecognized transition (asset) obligation	(47)	(70)	35	38
Unrecognized (gain) loss	(338)	(591)	127	53
Prepaid (accrued) benefit cost at FPL Group at December 31	$ 555	$ 493	$ (262)	$ (222)
Prepaid (accrued) benefit cost at FPL at December 31	$ 573	$ 473	$ (243)	$ (216)

The following table provides the components of net periodic benefit cost for the plans:

	Pension Benefits			Other Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2002	2001	2000	2002	2001	2000
	(millions)					
Service cost	$ 52	$ 48	$ 44	$ 6	$ 6	$ 5
Interest cost	84	82	77	24	24	21
Expected return on plan assets	(196)	(185)	(172)	(6)	(7)	(7)
Amortization of transition (asset) obligation	(23)	(23)	(23)	3	3	4
Amortization of prior service cost	1	5	(7)	-	-	-
Amortization of (gains) losses	(32)	(37)	(31)	1	-	-
Cost of special termination benefits	4	-	-	-	-	-
Net periodic benefit (income) cost at FPL Group	$ (110)	$ (110)	$ (112)	$ 28	$ 26	$ 23
Net periodic benefit (income) cost at FPL	$ (100)	$ (102)	$ (108)	$ 27	$ 25	$ 23

The weighted-average discount rate used in determining the benefit obligations was 6.00% and 6.25% for 2002 and 2001, respectively. The assumed level of increase in future compensation levels was 4.5% for 2002 and was 5.5% for 2001 and 2000. The expected long-term rate of return on plan assets was 7.75% for all years.

Based on current health care costs (as related to other benefits), the projected 2003 trend assumptions used to measure the expected cost of benefits covered by the plans are 10% for all age groups. The rate is assumed to decrease over the next ten years to the ultimate trend rate of 5% for all age groups and remain at that level thereafter.
Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans. An increase or decrease of 1% in assumed health care cost trend rates would have a corresponding effect on the service and interest cost components and the accumulated obligation of other benefits of approximately $1 million and $8 million, respectively.

4. Restructuring and Impairment Charges

FPL Group recorded charges totaling $207 million ($127 million after tax) in the third quarter of 2002 due to unfavorable market conditions in the wholesale energy and telecommunications markets. As of September 30, 2002, approximately $29 million of the total nonrecurring charges were recognized as liabilities and were included in other current liabilities on FPL Group's consolidated balance sheets. During 2002, approximately $3 million was charged against the liabilities. Following is a discussion of the charges by segment.

FPL Energy – The wholesale energy sector continues to face difficult market conditions including a deterioration in forward prices and reduced liquidity, as well as increasing credit concerns that may limit the number of counterparties with which FPL Energy does business. During 2002, FPL Energy conducted a thorough review of its business development plans, organizational structure and expenses. As a result, FPL Energy decided to substantially exit fossil-fueled greenfield power plant development activities, which resulted in the write-off of approximately $67 million ($41 million after tax) of previously capitalized development costs.

An agreement for the supply of gas turbines and other related equipment was renegotiated during 2002 to significantly reduce the commitment to purchase such equipment, resulting in a charge totaling approximately $16 million ($10 million after tax). FPL Group remains committed to purchase seven gas turbines through 2003, of which six will be used at FPL and are included in FPL's projected capital expenditures (see Note 17 – Commitments). The use of one gas turbine has not been determined and is included in Corporate and Other's projected capital expenditures (see Note 17 – Commitments).

FPL Energy also realigned its organizational structure during 2002 to lower general and administrative expenses and took other actions associated with the restructuring. The operating lease agreement with an SPE and the related credit facility used to finance certain turbine purchases were terminated during 2002. Together these resulted in a charge of approximately $20 million ($12 million after tax).

Corporate and Other – Due to the changing telecommunications market, FPL FiberNet completed valuation studies to assess the recoverability of its assets and as a result in 2002 recorded charges of approximately $104 million ($64 million after tax). Of this amount, $85 million ($52 million after tax) represents an impairment charge related to property, plant and equipment, the fair value of which was determined based on a discounted cash flow analysis. Additionally, FPL FiberNet decided not to pursue the planned build-out of metro fiber rings in certain cities, and restructuring charges of $19 million ($12 million after tax) were recognized related to the write-off of development costs and inventory.

5. Derivative Instruments

Effective January 1, 2001, FPL Group and FPL adopted FAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by FAS 137 and 138 (collectively, FAS 133). As a result, beginning in January 2001, derivative instruments are recorded on FPL Group's and FPL's balance sheets as either an asset or liability (in other current assets, other assets, other current liabilities and other liabilities) measured at fair value. FPL Group and FPL use derivative instruments (primarily swaps, options, futures and forward purchases and sales) to manage the commodity price risk inherent in fuel purchases and electricity sales, as well as to optimize the value of power generation assets.

At FPL, substantially all changes in fair value are deferred as a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses will be passed through the fuel clause and the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, changes in the derivatives' fair value are recognized net in operating revenues for trading and managed hedge activities and in other – net for non-managed hedges in FPL Group's consolidated statements of income unless hedge accounting is applied. See further discussion of the two derivative-related categories below. While substantially all of FPL Energy's derivative transactions are entered into for the purposes described above, hedge accounting is only applied where specific criteria are met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective. The hedging instrument's effectiveness is assessed utilizing regression analysis at the inception of the hedge and on at least a quarterly basis throughout its life. Hedges are considered highly effective when a correlation coefficient of .8 or higher is achieved. Substantially all of the transactions that FPL Group has designated as hedges are cash flow hedges which have expiration dates through December 2016. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. The ineffective portion of these hedges flows through earnings in the current period. Settlement gains and losses are included within the line items in the statements of income to which they relate.

Beginning January 1, 2002, FPL Group segregated unrealized mark-to-market gains and losses on derivative transactions into two categories. Prior year amounts have been reclassified into these categories. The first category, referred to as trading and managed hedge activities, represents the net unrealized effect of actively traded positions entered into to take advantage of market price movements and to optimize the value of generation assets and related contracts. The unrealized gains from trading and managed hedge activities were $8 million and $0 for the years ended December 31, 2002 and 2001, respectively, and are reported net in operating revenues. The second category, referred to as non-managed hedges, represents the net unrealized effect of derivative transactions entered into as economic hedges (but which do not qualify for hedge accounting under FAS 133) and the ineffective portion of transactions accounted for as cash flow hedges. These transactions have been entered into to reduce our aggregate risk, and any mark-to-market gains or losses during the period prior to realization will continue to be reported outside of operating income in other – net in FPL Group's consolidated statements of income. Unrealized gains from non-managed hedge activities were $1 million and $12 million (including the cumulative effect loss of $4 million recorded in other – net) for the years ended December 31, 2002 and 2001, respectively. Any position that is moved between non-managed hedge activity and trading and managed hedge activity is transferred at its fair value on the date of reclassification.

Beginning in the third quarter of 2002, FPL Group adopted guidance provided in the June consensus of EITF Issue No. 02-3, which requires realized gains and losses from all trading contracts, including those where physical delivery is required, to be recorded net and comparative financial statement amounts for prior periods to be reclassified. Previously, FPL Energy's realized gains and losses from trading in financial instruments were recorded net in operating revenues and realized gains and losses from trading in physical power contracts were recorded gross in operating revenues and fuel, purchased power and interchange in FPL Group's consolidated statements of income. The netting of realized gains from physical trading and managed hedge activities resulted in reduced revenues and fuel, purchased power and interchange expenses by $193 million for the six months ended June 30, 2002 (the guidance was adopted in the beginning of the third quarter of 2002) and $149 million and $20 million for the years ended December 31, 2001 and 2000, respectively. Effective January 1, 2003, FPL Group adopted the provisions of the EITF 02-3 October consensus, which did not have a significant effect on FPL Group's financial statements. The guidance requires that trading activities that meet the definition of a derivative under FAS 133 be marked-to-market and reported on a net basis.

Since the adoption of Derivatives Implementation Group Issue C11 in July 2001, FPL Group has considered any contract with its total sales price indexed to the consumer price index (CPI) or any similar broad market index to not be eligible for the normal purchases and normal sales exception under FAS 133, since its price was not clearly and closely related to the asset being sold. However, electricity contracts with a price based on the fuel used to generate the electric power being sold have been considered to be eligible for the normal sales exception, even when that price also contained an additional payment for incremental operations and maintenance expenses that was indexed to CPI. FPL Group believed that the types of expenses incurred as incremental operations and maintenance expenses, such as labor and materials, would be expected to fluctuate with CPI and as such believed the overall price in the contract was clearly and closely related to the electric power being sold. At its January 2003 meeting the EITF was asked, but declined, to address a similar issue relating to CPI indexing. It is unclear whether the FASB will further deliberate this issue. However, certain parties at the EITF meeting questioned whether the accounting for similar contracts under the normal exception should continue. Based on these discussions, FPL Group has concluded that, unless the FASB decides to address this issue further, this application of Issue C11 will no longer be acceptable and that contracts containing any reference to CPI will no longer qualify for the normal exception. Accordingly, beginning April 1, 2003, any such contracts will be accounted for at fair value. An analysis is currently underway to determine which of these contracts held by FPL Group may be amended to eliminate the reference to CPI. FPL Group is currently unable to determine the effect, if any, on its financial statements, that will result from this change in interpretation.

6. Income Taxes

The components of income taxes are as follows:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2002	2001	2000	2002	2001	2000
	(millions)					
Federal:						
Current	$ (70)	$ 432	$ 77	$ 91	$ 543	$ 87
Deferred	337	(49)	239	287	(190)	231
ITC and other – net	(74)	(49)	(35)	(19)	(22)	(22)
Total federal	193	334	281	359	331	296
State:						
Current	(22)	55	6	12	90	13
Deferred	73	(10)	49	54	(28)	42
Total state	51	45	55	66	62	55
Income taxes charged to operations – FPL				425	393	351
Credited to other income (deductions) – FPL				(12)	(10)	(10)
Total income taxes	$ 244	$ 379	$ 336	$ 413	$ 383	$ 341

A reconciliation between the effective income tax rates and the applicable statutory rates is as follows:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2002	2001	2000	2002	2001	2000
Statutory federal income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increases (reductions) resulting from:						
State income taxes – net of federal income tax benefit	3.5	2.5	3.5	3.7	3.7	3.7
Amortization of ITC	(2.1)	(1.9)	(2.1)	(1.7)	(2.0)	(2.3)
Production tax credits – FPL Energy	(5.7)	(2.3)	(1.3)	-	-	-
Amortization of deferred regulatory credit – income taxes	(1.1)	(1.0)	(1.2)	(0.9)	(1.1)	(1.3)
Adjustments of prior years' tax matters	(3.2)	(0.8)	(2.7)	-	(0.6)	-
Preferred stock dividends – FPL	0.6	0.5	0.5	-	-	-
Other – net	(1.0)	0.7	0.6	-	0.6	0.3
Effective income tax rate	26.0%	32.7%	32.3%	36.1%	35.6%	35.4%

The income tax effects of temporary differences giving rise to consolidated deferred income tax liabilities and assets are as follows:

	FPL Group		FPL	
	December 31,		December 31,	
	2002	2001	2002	2001
	(millions)			
Deferred tax liabilities:				
Property-related	$ 1,768	$ 1,294	$ 1,654	$ 1,196
Investment-related	518	466	-	-
Other	491	545	399	431
Total deferred tax liabilities	2,777	2,305	2,053	1,627
Deferred tax assets and valuation allowance:				
Asset writedowns	250	109	-	-
Unamortized ITC and deferred regulatory credit – income taxes	74	88	74	88
Storm and decommissioning reserves	331	292	331	292
Post retirement benefits	102	91	102	91
Other	494	448	331	286
Valuation allowance	(21)	(25)	-	-
Net deferred tax assets	1,230	1,003	838	757
Accumulated deferred income taxes	$ 1,547	$ 1,302	$ 1,215	$ 870

A capital loss from the disposition in a prior year of an FPL Group Capital subsidiary was limited by Internal Revenue Service (IRS) rules. FPL Group challenged the IRS loss limitation and in March 2002, the IRS conceded the issue. Accordingly, FPL Group recognized approximately $30 million of net tax benefits in the first quarter of 2002. In 2002, FPL received a $230 million tax refund out of an estimated $300 million it expects to receive as a result of an IRS ruling.

7. Goodwill and Other Intangible Assets

Effective January 1, 2002, FPL Group adopted FAS 142, "Goodwill and Other Intangible Assets." Under this statement, the amortization of goodwill is no longer permitted. Instead, goodwill is assessed for impairment at least annually by applying a fair-value based test. In January 2002, FPL Energy recorded an impairment loss of $365 million ($222 million after tax) as the cumulative effect of adopting FAS 142, eliminating all goodwill previously included in other assets on FPL Group's consolidated balance sheets. Estimates of fair value were determined using discounted cash flow models.

The following table provides reported net income and earnings per share excluding the impact of adopting FAS 142 and the proforma effect on prior years of excluding goodwill amortization expense:

	Years Ended December 31,		
	2002	2001	2000
	(millions, except per share amounts)		
Net income	$ 473	$ 781	$ 704
Add back: Cumulative effect of adopting FAS 142, net of income taxes of $143	222	-	-
Net income excluding cumulative effect	695	781	704
Add back: Goodwill amortization, net of income taxes of $4 each	-	6	6
Adjusted net income	$ 695	$ 787	$ 710
Earnings per share (basic)	$ 2.74	$ 4.63	$ 4.14
Add back: Cumulative effect of adopting FAS 142	1.28	-	-
Earnings per share excluding cumulative effect	4.02	4.63	4.14
Add back: Goodwill amortization	-	0.03	0.04
Adjusted earnings per share (basic)	$ 4.02	$ 4.66	$ 4.18
Earnings per share (assuming dilution)	$ 2.73	$ 4.62	$ 4.14
Add back: Cumulative effect of adopting FAS 142	1.28	-	-
Earnings per share excluding cumulative effect	4.01	4.62	4.14
Add back: Goodwill amortization	-	0.04	0.03
Adjusted earnings per share (assuming dilution)	$ 4.01	$ 4.66	$ 4.17

8. Comprehensive Income

The following table provides the components of comprehensive income and accumulated other comprehensive income (loss):

	Net Income	Accumulated Other Comprehensive Income (Loss)			Comprehensive Income
		Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	
		(millions)			
Balances, December 31, 1999		$ -	$ (1)	$ (1)	
Net income	$ 704				$ 704
Net unrealized gain on securities (net of $1 tax expense)		-	1	1	1
Balances, December 31, 2000		-	-	-	$ 705
Net income	$ 781				$ 781
Net unrealized loss on cash flow hedges:					
FAS 133 transition adjustment (net of $6 tax expense)		10	-	10	10
Effective portion of net unrealized loss (net of $13 tax benefit)		(21)	-	(21)	(21)
Reclassification adjustment (net of $2 tax expense)		3	-	3	3
Balances, December 31, 2001		(8)	-	(8)	$ 773
Net income	$ 473				$ 473
Net unrealized gain on cash flow hedges:					
Effective portion of net unrealized gain (net of $21 tax expense) [a]		33	-	33	33
Reclassification adjustment (net of $4 tax benefit) [b]		(6)	-	(6)	(6)
Minimum supplemental executive retirement plan liability adjustment (net of $3 tax benefit)		-	(4)	(4)	(4)
Net unrealized gain on available for sale securities (net of $1 tax expense)		-	1	1	1
Balances, December 31, 2002		$ 19	$ (3)	$ 16	$ 497

(a) Approximately $22 million of FPL Group's accumulated other comprehensive income at December 31, 2002 will be reclassified into earnings within the next 12 months as the hedged fuel is consumed or as electricity is sold.

(b) Includes gains and (losses) reclassified into earnings due to settlements of approximately $8 million and discontinuance of cash flow hedges of approximately $1 million.

9. Merger

In July 2000, FPL Group and Entergy Corporation (Entergy) announced a proposed merger, which was approved by the shareholders of the respective companies in December 2000. Subsequently, a number of factors led FPL Group to conclude the merger would not achieve the synergies or create the shareholder value originally contemplated when the merger was announced. As a result, on April 1, 2001, FPL Group and Entergy mutually terminated the merger agreement. Both companies agreed that no termination fee is payable under the terms of the merger agreement as a result of this termination. Each company paid its own merger-related expenses.

FPL Group recorded $30 million and $67 million in merger-related expenses in 2001 and 2000, respectively, of which FPL recorded $26 million ($16 million after tax) and $62 million ($38 million after tax). FPL Energy recorded $2 million ($1 million after tax) in 2000 and Corporate and Other recorded $4 million ($3 million after tax) and $3 million ($2 million after tax) in 2001 and 2000, respectively.

10. Settlement of Litigation

In September 2000, a bankruptcy court approved the settlement of a contract dispute between FPL and two qualifying facilities. The settlement was approved by the FPSC in October 2000. In December 2000, under the terms of the settlement, the trustee was paid $222.5 million plus security deposits. The funds were subsequently distributed by the trustee as directed by the bankruptcy court. FPL will recover the cost of the settlement through the fuel and capacity clauses over a five-year period beginning January 1, 2002. Also, from the payment date to December 31, 2001, FPL did not receive a return on the unrecovered amount through the fuel and capacity clauses, but instead, the settlement amount was included as a rate base regulatory asset over that period. See Note 1 – Regulation.

11. Jointly-Owned Electric Plant

The following FPL Group subsidiaries own undivided interests in the jointly-owned facilities described below, and are entitled to a proportionate share of the output from those facilities. Accordingly, each subsidiary includes its proportionate share of the facilities and related revenues and expenses in the appropriate balance sheet and income statement captions. FPL Group's and FPL's share of direct expenses for these facilities are included in fuel, purchased power and interchange, other operations and maintenance, depreciation and amortization and taxes other than income taxes on FPL Group's and FPL's consolidated statements of income.

FPL – FPL owns approximately 85% of St. Lucie Unit No. 2, 20% of the St. Johns River Power Park units and coal terminal and approximately 76% of Scherer Unit No. 4. At December 31, 2002, the proportionate share of FPL's gross investment in these units was $1.168 billion, $327 million and $571 million, respectively; accumulated depreciation was $782 million, $188 million and $330 million, respectively. FPL is responsible for its share of the operating costs, as well as providing its own financing. These costs are included in FPL Group's and FPL's consolidated statements of income. At December 31, 2002, there was no significant balance of construction work in progress on these facilities. See Note 17 – Litigation.

FPL Energy – FPL Energy owns approximately 88.23% of Seabrook. At December 31, 2002, the proportionate share of FPL Energy's gross investment was $945 million and accumulated depreciation was $3 million. FPL Energy is responsible for its share of the operating costs, as well as providing its own financing. These costs are included in FPL Group's consolidated statements of income. At December 31, 2002, there was $16 million of construction work in progress for capital projects underway at Seabrook. See Note 2.

FPL Energy owns approximately 61.78% of Wyman Station Unit No. 4, an oil burning unit located in Maine. At December 31, 2002, the proportionate share of FPL Energy's gross investment was $98 million and accumulated depreciation was $20 million. FPL Energy is responsible for its share of the operating costs, as well as providing its own financing. These costs are included in FPL Group's consolidated statements of income. At December 31, 2002, there was approximately $3 million of construction work in progress for capital projects underway at Wyman Station.

12. Financial Instruments

The carrying amounts of cash equivalents, commercial paper and notes payable approximate fair values. At December 31, 2002 and 2001, other investments of FPL Group included financial instruments of approximately $280 million and $600 million, respectively, the majority of which consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value. See Note 13.

The following estimates of the fair value of financial instruments have been made using available market information. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

	December 31,			
	2002		2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
Long-term debt of FPL, including current maturities	$ 2,434	$ 2,578[(a)]	$ 2,579	$ 2,653[(a)]
Long-term debt of FPL Group, including current maturities	$ 5,895	$ 6,222[(a)]	$ 4,890	$ 5,080[(a)]

(a) Based on quoted market prices for these or similar issues.

Special Use Funds – The special use funds consist of FPL's storm fund assets totaling $183 million and $145 million, and FPL Group's nuclear decommissioning fund assets totaling $1.738 billion and $1.463 billion ($1.510 billion and $1.463 billion for FPL) at December 31, 2002 and 2001, respectively. Securities held in the special use funds are carried at estimated fair value based on quoted market prices. FPL Group's nuclear decommissioning funds consist of approximately 40% equity securities and 60% municipal, government, corporate and mortgage- and other asset-backed debt securities (39% and 61% for FPL, respectively) with a weighted-average maturity of approximately eight years. FPL's storm fund primarily consists of municipal debt securities with a weighted-average maturity of approximately four years. The cost of securities sold is determined on the specific identification method.

The following tables provide the special use funds approximate gains and losses and proceeds from the sale of securities:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2002	2001	2000	2002	2001	2000
	(millions)					
Realized gains	$ 28	$ 30	$ 8	$ 27	$ 30	$ 8
Realized losses	$ 16	$ 16	$ 15	$ 16	$ 16	$ 15
Proceeds from sale of securities	$ 2,524	$ 1,778	$ 1,959	$ 2,435	$ 1,778	$ 1,959

	FPL Group		FPL	
	December 31,		December 31,	
	2002	2001	2002	2001
	(millions)			
Unrealized gains	$ 143	$ 208	$ 142	$ 208
Unrealized losses	$ 44	$ 9	$ 42	$ 9

Regulations issued by the FERC and the Nuclear Regulatory Commission (NRC) provide general risk management guidelines to protect nuclear decommissioning trust funds and to allow such funds to earn a reasonable return. The FERC regulations set forth in the Code of Federal Regulations prohibit investments in any securities of FPL Group or its subsidiaries, affiliates, or associates, excluding investments tied to market indices or other mutual funds. Similar restrictions applicable to the decommissioning trust fund for FPL Energy's Seabrook nuclear plant are contained in the NRC operating license for that facility. Effective December 24, 2003, NRC regulations applicable to NRC licensees not in cost-of-service environments will require similar investment restrictions. With respect to the decommissioning trust fund for FPL Energy's Seabrook nuclear plant, decommissioning trust fund withdrawals are also regulated by the NDFC pursuant to New Hampshire law.

The special use funds are managed by investment managers who must comply with the guidelines and rules of the applicable regulatory authorities, FPL Group and FPL, respectively. The special use fund assets are invested in order to optimize the after-tax earnings of these funds, giving consideration to liquidity, risk, diversification and other prudent investment objectives.

13. Investments in Partnerships and Joint Ventures

FPL Energy has non-controlling non-majority owned interests in various partnerships and joint ventures, essentially all of which are electricity producers. At December 31, 2002 and 2001, FPL Energy's investment in partnerships and joint ventures totaled approximately $310 million and $276 million, respectively, which is included in other investments on FPL Group's consolidated balance sheets. FPL Energy's interest in these partnerships and joint ventures range from approximately 20% to 50%. At December 31, 2002, the principal entities included in FPL Energy's investments in partnerships and joint ventures were Bastrop Energy Partners, LP, Northeast Energy, LP and Luz Solar Partners LTD., VIII and IX.

Summarized combined unaudited information for these four entities is as follows:

	2002	2001
	(millions)	
Net income	$ 106	$ 40
Total assets	$ 1,568	$ 1,592
Total liabilities	$ 1,078	$ 1,205
Partners' equity	$ 490	$ 387
FPL Energy's share of underlying equity in the four entities	$ 243	$ 196
Difference between investment carrying amount and underlying equity in net assets [a]	(10)	(23)
FPL Energy's investment carrying amount for the four entities	$ 233	$ 173

[a] The majority of the difference between the investment carrying amount and the underlying equity in net assets is being amortized over the remaining life of the investee's assets.

Certain subsidiaries of FPL Energy provide services to the partnerships and joint ventures, including O&M and business management services. FPL Group's operating revenues for the years ended December 31, 2002, 2001 and 2000 include approximately $16 million, $14 million and $15 million, respectively, related to such services. The receivables at December 31, 2002 and 2001, for these services, as well as payroll and other payments made on behalf of these investments, were approximately $15 million and $23 million, respectively, and are included in other current assets on FPL Group's consolidated balance sheets.

Notes receivable (long- and short-term) include approximately $94 million and $120 million at December 31, 2002 and 2001, respectively, due from partnerships and joint ventures in which FPL Energy has an ownership interest. The notes receivable mature 2004-14 and the majority bear interest at variable rates, which ranged from approximately 5.0% to 6.8% at December 31, 2002 and 5.6% to 8.7% at December 31, 2001. Interest income on these notes totaling approximately $12 million, $12 million and $13 million for the years ended December 31, 2002, 2001 and 2000, respectively, is included in other – net in FPL Group's consolidated statements of income. The associated interest receivables as of December 31, 2002 and 2001 were approximately $0.2 million and $0.5 million, respectively, and are included in other current assets on FPL Group's consolidated balance sheets.

14. Common Stock

Earnings per share – The reconciliation of basic and diluted earnings per share is shown below:

	Years Ended December 31,		
	2002	2001	2000
	(millions, except per share amounts)		
Numerator (basic and assuming dilution):			
Net income	$ 473	$ 781	$ 704
Denominator:			
Weighted-average number of shares outstanding – basic	172.9	168.7	169.9
Performance share awards and shareholder value awards, options and equity units [a]	0.4	0.2	0.3
Weighted-average number of shares outstanding – assuming dilution	173.3	168.9	170.2
Earnings per share:			
Basic	$ 2.74	$ 4.63	$ 4.14
Assuming dilution	$ 2.73	$ 4.62	$ 4.14

[a] Performance share awards and shareholder value awards are included in diluted weighted-average number of shares outstanding based upon what would be issued if the end of the reporting period was the end of the term of the award. Options and equity units (known as Corporate Units) are included in diluted weighted-average number of shares outstanding by applying the treasury stock method.

Shares issuable upon the exercise of stock options and settlement of purchase contracts that form a part of equity units (known as Corporate Units), which were not included in the denominator above due to their antidilutive effect, were 11 million in 2002, 1.6 million in 2001 and none in 2000.

Common Stock Dividend Restrictions – FPL Group's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of FPL Group to pay dividends on its common stock is dependent upon dividends paid to it by its subsidiaries, primarily FPL. FPL's charter and a mortgage securing FPL's first mortgage bonds contain provisions that, under certain conditions, restrict the payment of dividends and other distributions to FPL Group. These restrictions do not currently limit FPL's ability to pay dividends to FPL Group. In 2002, 2001 and 2000, FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis. In addition, during 2002, FPL paid special dividends totaling $375 million to FPL Group.

Employee Stock Ownership Plan (ESOP) – The employee thrift plans of FPL Group include a leveraged ESOP feature. Shares of common stock held by the trust for the thrift plans (Trust) are used to provide all or a portion of the employers' matching contributions. Dividends received on all shares, along with cash contributions from the employers, are used to pay principal and interest on an ESOP loan held by FPL Group Capital. Dividends on shares allocated to employee accounts and used by the Trust for debt service are replaced with an equivalent amount of shares of common stock at prevailing market prices. For purposes of computing basic and fully diluted earnings per share, ESOP shares that have been committed to be released are considered outstanding.

ESOP-related compensation expense of approximately $24 million, $24 million and $22 million in 2002, 2001 and 2000, respectively, was recognized based on the fair value of shares allocated to employee accounts during the period. Interest income on the ESOP loan is eliminated in consolidation. ESOP-related unearned compensation included as a reduction of shareholders' equity at December 31, 2002 was approximately $186 million, representing 6 million unallocated shares at the original issue price of $29 per share. The fair value of the ESOP-related unearned compensation account using the closing price of FPL Group stock at December 31, 2002 was approximately $386 million.

Long-Term Incentive Plan – At December 31, 2002, approximately 9 million shares of common stock are reserved and 8.0 million available for awards to officers and employees of FPL Group and its subsidiaries under FPL Group's long-term incentive plan. Restricted stock is issued at market value at the date of grant, typically vests within four years and is subject to, among other things, restrictions on transferability. Performance share awards and shareholder value awards are typically payable at the end of a three- or four-year performance period if the specified performance criteria are met.

The changes in awards under the incentive plan are as follows:

	Restricted Stock	Performance Share and Shareholder Value Awards	Options	
			Number	Weighted-Average Exercise Price
Balances, December 31, 1999	413,400	646,615	1,100,000	$ 51.59
Granted	28,350[a]	465,614[b]	564,950[c]	$ 39.64
Paid/released/exercised	(264,800)	(1,038,375)	(1,060,726)	$ 49.88
Forfeited	(95,700)	(54,854)	(212,056)	$ 50.51
Balances, December 31, 2000	81,250	19,000	392,168	$ 39.58
Granted	263,825[a]	617,420[b]	2,009,200[c]	$ 62.04
Paid/released/exercised	(6,600)	(41,492)	(120,380)	$ 39.01
Forfeited	(30,750)	(49,849)	(137,174)	$ 62.61
Balances, December 31, 2001	307,725	545,079	2,143,814	$ 59.19
Granted	127,325[a]	206,605[b]	1,669,625[c]	$ 54.27
Paid/released/exercised	(123,095)	(246,246)	(69,101)	$ 41.19
Forfeited	(13,250)	(86,949)	(99,208)	$ 59.09
Balances, December 31, 2002	298,705	418,489	3,645,130[d]	$ 57.29

[a] The weighted-average grant date fair value of restricted stock granted in 2002, 2001 and 2000 was $54.82, $60.19 and $45.55 per share, respectively.

[b] The weighted-average grant date fair value of performance share and shareholder value awards in 2002, 2001 and 2000 was $56.95, $70.25 and $41.25 per share, respectively.

[c] The exercise price of each option granted in 2002, 2001 and 2000 equaled the market price of common stock on the date of grant. Accordingly, the weighted-average grant date fair value of all options granted is $0.

[d] Of the options outstanding at December 31, 2002, 826,174 options were exercisable and had exercise prices ranging from $38.13 to $65.13 per share with a weighted-average exercise price of $55.58 per share and a weighted-average remaining contractual life of 8.0 years. The remainder of the outstanding options had exercise prices ranging from $52.64 to $65.13 per share with a weighted-average exercise price of $57.79 per share and a weighted-average remaining contractual life of 8.8 years.

Other – Each share of common stock has been granted a Preferred Share Purchase Right (Right), at an exercise price of $120, subject to adjustment, in the event of certain attempted business combinations. The Rights will cause substantial dilution to a person or group attempting to acquire FPL Group on terms not approved by FPL Group's board of directors.

15. Preferred Stock

FPL Group's charter authorizes the issuance of 100 million shares of serial preferred stock, $0.01 par value. None of these shares is outstanding. FPL Group has reserved 3 million shares for issuance upon exercise of preferred share purchase rights which expire in June 2006. Preferred stock of FPL consists of the following: [a]

	December 31, 2002		December 31,	
	Shares Outstanding [b]	Redemption Price	2002	2001
			(millions)	
Cumulative, $100 Par Value, without sinking fund requirements, authorized 15,822,500 shares:				
4 1/2% Series	100,000	$ 101.00	$ 10	$ 10
4 1/2% Series A	50,000	$ 101.00	5	5
4 1/2% Series B	50,000	$ 101.00	5	5
4 1/2% Series C	62,500	$ 103.00	6	6
4.32% Series D	50,000	$ 103.50	5	5
4.35% Series E	50,000	$ 102.00	5	5
6.98% Series S	750,000	$ 103.49[c]	75	75
7.05% Series T	500,000	$ 103.52[c]	50	50
6.75% Series U	650,000	$ 103.37[c]	65	65
Total preferred stock of FPL	2,262,500		$ 226	$ 226

(a) FPL's charter also authorizes the issuance of 5 million shares of subordinated preferred stock, no par value. None of these shares is outstanding. There were no issuances or redemptions of preferred stock in 2002, 2001 or 2000.

(b) FPL's preferred shares are entitled to dividends at the stated rates in preference to FPL's common stockholder, FPL Group. In the event of voluntary liquidation, the outstanding preferred shares have preference over common shares until an amount equal to the current redemption price of all shares has been paid. In the event of involuntary liquidation, outstanding preferred shares shall have preference over common shares until the full par value of all shares and all unpaid accumulated dividends thereon have been paid.

(c) Shares outstanding from Series S, Series T and Series U are redeemable on or after March 1, June 1 and August 1, 2003, respectively.

16. Debt

Long-term debt consists of the following:

	December 31,	
	2002	2001
	(millions)	
FPL:		
First mortgage bonds:		
Maturing through 2005 – 6 5/8% to 6 7/8%	$ 500	$ 725
Maturing 2008 through 2016 – 4.85% to 7.3%	825	650
Maturing 2023 through 2033 – 5.85% to 7 3/4%	417	516
Medium-term notes – maturing 2003 – 5.79%	70	70
Pollution control and industrial development series – maturing 2023 through 2027 – 6.7% to 7.15%	24	24
Pollution control, solid waste disposal and industrial development revenue bonds – maturing 2020 through 2029 – variable, 1.6% and 2.8% average annual interest rates, respectively	609	609
Unamortized discount	(11)	(15)
Total long-term debt of FPL	2,434	2,579
Less current maturities	70	-
Long-term debt of FPL, excluding current maturities	2,364	2,579
FPL Group Capital:		
Debentures – maturing 2004 through 2009 – 6 1/8% to 7 5/8%	1,900	1,900
Debentures, related to FPL Group's equity units – maturing 2007 and 2008 – 4.75% and 5%, respectively	1,081	-
Other long-term debt – maturing 2013 – 7.35%	5	5
Term loan facility – maturing 2004 - variable, 2.04% average annual interest rate	100	-
Unamortized discount	(7)	(8)
Total long-term debt of FPL Group Capital	3,079	1,897
FPL Energy:		
Senior secured bonds – maturing 2019 – 7.52%	382	414
Less current maturities	35	32
Long-term debt of FPL Energy, excluding current maturities	347	382

Total long-term debt	$ 5,790	$ 4,858

In December 2002, FPL redeemed $225 million principal amount of first mortgage bonds maturing 2016, $125 million principal amount of first mortgage bonds maturing 2023 and $175 million principal amount of first mortgage bonds maturing 2024, bearing interest at 7.30%, 7 3/4% and 7 5/8%, respectively. In December 2002, FPL sold $400 million principal amount of first mortgage bonds maturing 2013 and $200 million principal amount of first mortgage bonds maturing 2033, with interest rates of 4.85% and 5.85%, respectively.

Minimum annual maturities of long-term debt for FPL Group are approximately $105 million, $312 million, $541 million, $635 million and $1.097 billion for 2003, 2004, 2005, 2006 and 2007, respectively. The corresponding amounts for FPL are $70 million, and $500 million for 2003, and 2005, respectively.

At December 31, 2002, commercial paper borrowings and FPL Group's notes payable had a weighted-average interest rate of 1.58% for FPL Group (1.43% for FPL). Available lines of credit aggregated approximately $3.1 billion ($2.1 billion for FPL Group Capital and $1 billion for FPL) at December 31, 2002, all of which were based on firm commitments.

In February 2002, FPL Group sold a total of 11.5 million publicly-traded equity units known as Corporate Units, and in connection with that financing, FPL Group Capital issued $575 million principal amount of 4.75% debentures due February 16, 2007. The interest rate on the debentures is expected to be reset on or after November 16, 2004. The interest rate resets, upon a successful remarketing of the debentures, as the rate the debentures should bear to have an approximate market value of 100.5% of par. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2005, and FPL Group will make payments of 3.75% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 9,271,300 and 10,939,950 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment under certain circumstances).

In June 2002, FPL Group sold concurrently a total of 5.75 million shares of common stock and 10.12 million 8% Corporate Units. In connection with the corporate units financing, FPL Group Capital issued $506 million principal amount of 5% debentures due February 16, 2008. The interest rate on the debentures is expected to be reset on or after August 16, 2005. The interest rate resets, upon a successful remarketing of the debentures, as the rate the debentures should bear to have an approximate market value of 100.5% of par. Payment of FPL Group Capital debentures is absolutely, irrevocably and unconditionally guaranteed by FPL Group. Each 8% Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder will purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group will make payments of 3% of the unit's $50 stated value until the shares are purchased. Under the terms of the purchase contracts, FPL Group will issue between 7,450,344 and 8,940,008 shares of common stock in connection with the settlement of the purchase contracts (subject to adjustment under certain circumstances).

Prior to the issuance of FPL Group's common stock, the purchase contracts will be reflected in FPL Group's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of FPL Group common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts over the number of shares that could be purchased by FPL Group in the market, at the average market price during the period, using the proceeds receivable upon settlement.

17. Commitments and Contingencies

Commitments – FPL Group and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL consist of the cost for construction or acquisition of additional facilities and equipment to meet customer demand. At FPL Energy, capital expenditures include costs for the acquisition, development and expansion of independent power projects. Capital expenditures for Corporate and Other primarily relate to FPL FiberNet. At December 31, 2002, capital expenditures for 2003 through 2007 are estimated to be as follows:

	2003	2004	2005	2006	2007	Total
			(millions)			
FPL:						
Generation	$ 595	$ 605	$ 425	$ 200	$ 165	$ 1,990
Transmission	150	185	140	135	140	750
Distribution	510	520	510	515	525	2,580
General and other	110	135	115	125	120	605
Total	$ 1,365	$ 1,445	$ 1,190	$ 975	$ 950	$ 5,925
FPL Energy:						
Wind[(a)]	$ 1,165	$ -	$ -	$ -	$ -	$ 1,165
Gas	405	65	10	70	15	565
Nuclear	20	20	25	15	15	95
Total	$ 1,590	$ 85	$ 35	$ 85	$ 30	$ 1,825
Corporate and Other	$ 20	$ 10	$ 10	$ 10	$ 10	$ 60

(a) FPL Energy has projected capital expenditures for 1,200 mw of wind through 2003 when the production tax credits are scheduled to expire.

As of December 31, 2002, FPL Energy had $999 million in firm commitments for a portion of its capital expenditures, natural gas transportation and storage contracts and minimum lease payments associated with the off-balance sheet financing arrangement discussed below. See Contracts below. FPL Group has guaranteed certain payment obligations of FPL Group Capital, including all those under FPL Group Capital's debt and commercial paper issuances, as well as the guarantees discussed above.

At December 31, 2002, subsidiaries of FPL Group, other than FPL, have guaranteed a firm gas transportation agreement obligation with a letter of credit, purchase and sale of power and fuel agreement obligations and debt service payments. The term of the guarantees is equal to the term of the related debt, firm transportation agreement, or purchase and sale of power and fuel agreement, which can be as short as 30 days or as long as 20 years. The maximum potential amount of future payments that could be required under these guarantees at December 31, 2002 is approximately $21 million, of which $2 million relates to a guarantee for the performance of an unrelated party. At December 31, 2002, FPL Group does not have any liabilities recorded for these guarantees. In certain instances, FPL Group can seek recourse from third parties for 50% of any amount paid under the guarantee.

FPL Energy has guaranteed certain performance obligations of a power plant owned by a wholly-owned subsidiary as part of a power purchase agreement (PPA) that expires in 2027. Under the PPA, the subsidiary could incur market-based liquidated damages for failure to meet a stated mechanical availability and guaranteed average output. Based on past performance of similar projects, management believes that the exposure associated with this guarantee is not material.

Contracts - During 2002, FPL Group amended its long-term agreement for the supply of gas turbines. At December 31, 2002, FPL Group remains committed to purchase seven gas turbines through 2003, and parts, repairs and on-site service through 2011. Six of the turbines will be used at FPL and are included in FPL's commitments above. The use of one gas turbine has not been determined and is included in Corporate and Other's commitments above.

FPL Energy has entered into several contracts for the supply of wind turbines and towers to support a portion of the new wind generation planned. In addition, FPL Energy has entered into various engineering, procurement and construction contracts with expiration dates through 2004 to support its development activities. All of these contracts are intended to support expansion, and the related commitments as of December 31, 2002 are included in Commitments above.

FPL has entered into long-term purchased power and fuel contracts. FPL is obligated under take-or-pay purchased power contracts with the Jacksonville Electric Authority (JEA) and with subsidiaries of The Southern Company (Southern Companies) to pay for approximately 1,300 mw of power through mid-2010 and 382 mw thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 900 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2005 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts, and the Southern Companies' contract is subject to minimum quantities. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. In 2001, FPL entered into agreements with several electricity suppliers to purchase an aggregate of up to 1,100 mw of power with expiration dates ranging from 2003 through 2007. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has medium- to long-term contracts for the transportation and supply of natural gas, coal and oil with various expiration dates through 2022. FPL Energy has long-term contracts for the transportation, supply and storage of natural gas with expiration dates ranging from 2006 through 2017. FPL Energy also has several contracts for the supply, conversion, enrichment and fabrication of Seabrook's nuclear fuel with expiration dates ranging from 2003 to 2008.

The required capacity and minimum payments under these contracts as of December 31, 2002 are estimated to be as follows:

	2003	2004	2005	2006	2007	Thereafter
				(millions)		
FPL:						
Capacity payments:						
JEA and Southern Companies	$ 190	$ 190	$ 190	$ 200	$ 200	$ 1,300
Qualifying facilities	$ 350	$ 360	$ 350	$ 300	$ 300	$ 4,700
Other electricity suppliers	$ 91	$ 89	$ 50	$ 41	$ 4	$ -
Minimum payments, at projected prices:						
Southern Companies – energy	$ 60	$ 50	$ 60	$ 60	$ 58	$ 200
Natural gas, including transportation	$1,161	$ 441	$ 345	$ 201	$ 201	$ 1,870
Coal	$ 55	$ 27	$ 26	$ 12	$ 8	$ -
Oil	$ 357	$ -	$ -	$ -	$ -	$ -
FPL Energy:						
Natural gas transportation and storage	$ 15	$ 15	$ 15	$ 15	$ 15	$ 160
Nuclear fuel	$ 10	$ 5	$ -	$ -	$ -	$ -

Charges under these contracts were as follows:

	2002 Charges		2001 Charges		2000 Charges	
	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel
			(millions)			
FPL:						
JEA and Southern Companies	$ 185[a]	$ 161[b]	$ 197[a]	$ 169[b]	$ 198[a]	$ 153[b]
Qualifying facilities	$ 315[c]	$ 122[b]	$ 314[c]	$ 124[b]	$ 318[c]	$ 135[b]
Other electricity suppliers	$ 81[c]	$ 20[b]	$ 25[c]	$ 6[b]	$ -	$ -
Natural gas, including transportation	$ -	$ 858[b]	$ -	$ 763[b]	$ -	$ 567[b]
Coal	$ -	$ 59[b]	$ -	$ 49[b]	$ -	$ 50[b]
Oil	$ -	$ 401[b]	$ -	$ 294[b]	$ -	$ 354[b]
FPL Energy:						
Natural gas, including transportation and storage	$ -	$ 18	$ -	$ 17	$ -	17
Nuclear fuel	$ -	$ -	$ -	$ -	$ -	$ -

[a] Recoverable through base rates and the capacity clause.
[b] Recoverable through the fuel clause.
[c] Recoverable through the capacity clause.

Off-Balance Sheet Financing Arrangement – In 2000, an FPL Energy subsidiary entered into an operating lease agreement with an SPE lessor to lease a 550-mw combined-cycle power generation plant through 2007. At the inception of the lease, the lessor obtained the funding commitments required to complete the acquisition, development and construction of the plant through debt and equity contributions from investors who are not affiliated with FPL Group. At December 31, 2002 and 2001, the lessor had drawn $380 million and $298 million, respectively. The $380 million commitment includes $364 million of debt and $16 million of equity. The conditions to achieve project completion were satisfied as of December 27, 2002, at which time the base lease term began. The FPL Energy subsidiary will begin making lease payments March 31, 2003. The amounts are intended to cover the lessor's debt service, which includes a stated yield to equity holders and certain other costs. The minimum annual lease payments are estimated to be $21 million in 2003, $23 million in 2004, $26 million in 2005, $19 million in 2006 and $210 million in 2007 (includes residual value guarantee of $192 million). The lease payments are based on a floating interest rate, tied to three month LIBOR, which adjusts quarterly.

The FPL Energy subsidiary has the option to purchase the plant at any time during the remaining lease term for 100% of the outstanding principal balance of the loans and equity contributions made to the SPE, all accrued and unpaid interest and yield, and all other fees, costs and amounts then due and owing pursuant to the provisions of the related financing documents. However, under certain limited events of default, it can be required to purchase the plant for the same cost. If the FPL Energy subsidiary does not elect to purchase the plant at the end of the lease term, a residual value guarantee (included in the minimum lease payments above) must be paid, and the plant will be sold. Any proceeds received by the lessor in excess of the outstanding debt and equity will be given to the FPL Energy subsidiary. FPL Group Capital has guaranteed the FPL Energy subsidiary's obligations under the lease agreement. The equity holder controls the lessor. The lessor has represented that it has essentially no assets or obligations other than the plant and the related debt and that total assets, total liabilities and equity of the lessor at December 31, 2002 were $383 million, $369 million and $14 million, respectively. In June 2002, the cash collateral requirement related to this transaction was removed and the collateral was returned to FPL Energy as a result of the lessor's syndication of its debt.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities," which will replace the current accounting guidance for SPEs. As a result, entities that are deemed to be VIEs in which FPL Group or one of its subsidiaries is considered to be the "primary beneficiary" will be consolidated. Variable interests are considered to be contractual, ownership or other monetary interests in an entity that fluctuate with changes in the entity's net asset value. Under its current structure, FPL Group believes that the SPE discussed above will be required to be consolidated beginning in July 2003. At December 31, 2002, FPL Group's maximum exposure to loss as a result of its involvement with this SPE was $215 million.

Insurance – Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from private sources and under an industry retrospective payment plan. In accordance with this Act, effective January 1, 2003, FPL Group maintains $300 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system under which it is subject to retrospective assessments of up to $454 million ($363 million for FPL) per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $54 million ($43 million for FPL) per incident per year. FPL Group and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook and St. Lucie Unit No. 2, which approximates $11 million and $14 million, respectively. The Price-Anderson Act expired on August 1, 2002 but the liability limitations did not change for plants, including FPL's four nuclear units and Seabrook, with operating licenses issued by the NRC prior to August 1, 2002.

FPL Group participates in nuclear insurance mutual companies that provide $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL Group also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service because of an accident. In the event of an accident at one of FPL Group's or another participating insured's nuclear plants, FPL Group could be assessed up to $93 million ($69 million for FPL) in retrospective premiums. FPL Group and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook and St. Lucie Unit No. 2, which approximates $3 million and $3 million, respectively.

In the event of a catastrophic loss at one of FPL Group's nuclear plants, the amount of insurance available may not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered through rates in the case of FPL, would be borne by FPL Group and FPL and could have a material adverse effect on FPL Group's and FPL's financial condition and results of operations.

FPL self-insures the majority of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. As approved by the FPSC, FPL maintains a funded storm and property insurance reserve, which totaled approximately $298 million at December 31, 2002, for uninsured property storm damage or assessments under the nuclear insurance program. The current annual accrual approved by the FPSC is $20.3 million. In addition, the storm and property insurance reserve balance includes a one-time accrual in 2002 of $35 million as approved by the FPSC. Recovery from customers of any losses in excess of the storm and property insurance reserve will require the approval of the FPSC. FPL's available lines of credit provide additional liquidity in the event of a T&D property loss.

Litigation – In 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Clean Air Act. In May 2001, the EPA amended its complaint. The amended complaint alleges, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining proper permitting, and without complying with performance and technology standards as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case pending resolution of the EPA's motion for consolidation of discovery in several Clean Air Act cases that was filed with a Multi-District Litigation (MDL) panel. In August 2001, the MDL panel denied the motion for consolidation. In September 2001, the EPA moved that the federal district court reopen this case for purposes of discovery. Georgia Power Company has opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals rules on the Tennessee Valley Authority's appeal of an EPA administrative order relating to legal issues that are also central to this case. In August 2002, the federal district court denied without prejudice the EPA's motion to reopen.

In 2001, J. W. and Ernestine M. Thomas, Chester and Marie Jenkins, and Ray Norman and Jack Teague, as Co-Personal Representatives on behalf of the Estate of Robert L. Johns, filed suit against FPL Group, FPL, FPL FiberNet, FPL Group Capital and FPL Investments, Inc. in the Florida circuit court. This action is purportedly on behalf of all property owners in Florida (excluding railroad and public rights of way) whose property is encumbered by easements in favor of defendants, and on whose property defendants have installed or intend to install fiber-optic cable which defendants currently lease, license or convey or intend to lease, license or convey for non-electric transmission or distribution purposes. The lawsuit alleges that FPL's easements do not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs have asserted claims for unlawful detainer, unjust enrichment and constructive trust and seek injunctive relief and compensatory damages. In May 2002, plaintiffs filed an amended complaint, adding allegations regarding the installation of wireless communications equipment on some easements, and adding a claim for declaratory relief. In July 2002, defendants' motion to dismiss the amended complaint for, among other things, the failure to state a valid cause of action was denied. Defendants have filed an answer and affirmative defenses to the amended complaint. The parties are pursuing discovery regarding class certification.

In August 2001, Florida Municipal Power Agency (FMPA) filed with the United States Court of Appeals for the District of Columbia (DC Circuit) a petition for review asking the DC Circuit to reverse and remand orders of the FERC denying FMPA's request for credits for transmission facilities owned by FMPA members. The transmission credits sought by FMPA would offset the transmission charges that FPL bills FMPA for network transmission service to FMPA's member cities. FMPA member cities have been taking network transmission service under FPL's open access transmission tariff (OATT) since the mid-1990s. In the orders appealed by FMPA, FERC ruled that FMPA would be entitled to credits for any FMPA facilities that were "integrated" with the FPL transmission system. Based on the evidence submitted, FERC concluded that none of the FMPA facilities met the integration test and, therefore, FMPA was not entitled to credits against FPL's charges for transmission service. On January 21, 2003, the DC Circuit upheld FERC's order denying FMPA credits for its facilities, finding that substantial evidence supported FERC's conclusion that FMPA's facilities do not satisfy the integration test. FMPA since has requested that FERC decide the crediting issue again in a separate FERC proceeding. That proceeding dates back to a filing by FPL on March 19, 1993, as completed on July 26, 1993, of a comprehensive restructuring of its then-existing tariff structure. A FERC administrative law judge issued an order in that proceeding on December 13, 1995. The judge's order, which did not address credits, is currently pending at FERC on rehearing. FPL has argued that, particularly in light of the DC Circuit's order, FERC should not issue another order addressing FMPA's request for credits. If FERC does decide the crediting issue in this separate proceeding, and reverses its previous finding that FMPA is not entitled to transmission credits, FMPA is likely to seek refunds for amounts collected from FMPA member cities taking service under FPL's OATT. FPL estimates that through December 31, 2002 its maximum exposure to refunds, including interest, is approximately $50 million to $60 million.

In January 2002, Roy Oorbeek and Richard Berman filed suit against FPL Group (as an individual and nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Lewis Hay III, Dennis P. Coyle, Paul J. Evanson and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's Long Term Incentive Plan (LTIP) and FPL Group's proposed, but unconsummated, merger with Entergy were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of $62 million of payments received by the

officers, compensatory damages of $92 million (including the $62 million of payments received by the officers) all defendants (except FPL Group) and attorneys' fees. FPL Group's board of directors established a special committee to investigate a demand by another shareholder that the board take action to obtain the return of the payments made to the officers and expanded that investigation to include the allegations in the Oorbeek and Berman complaint.

In March 2002, William M. Klein, by Stephen S. Klein under power of attorney, on behalf of himself and all others similarly situated, filed suit against FPL Group (as nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III and Dennis P. Coyle. The lawsuit alleges that the payments made to certain officers under FPL Group's LTIP upon shareholder approval of the proposed merger with Entergy were improper and constituted breaches of fiduciary duties by the individual defendants because the LTIP required consummation of the merger as a condition to the payments. The plaintiff seeks the return to FPL Group of the payments received by the officers ($62 million); contribution, restitution and/or damages from the individual defendants; and attorneys' fees. These allegations also were referred to the special committee of FPL Group's board of directors investigating the allegations in the Oorbeek and Berman lawsuit.

In August 2002, the special committee filed under seal with the court its report of its investigation. The report concluded that pursuit of the claims identified by the plaintiffs in the Oorbeek and Berman and the Klein lawsuits is not in the best interest of FPL Group or its shareholders generally, and recommended that FPL Group seek dismissal of the lawsuits. After reviewing the special committee's report, FPL Group's board of directors (with only independent directors participating) concluded likewise. In September 2002, FPL Group, as nominal defendant, filed the special committee's report in the public docket and filed with the court a Statement of Position setting forth the special committee's and the board's conclusions and authorizing the filing of a motion to dismiss. The Statement of Position also reported that during the course of the special committee's investigation of the allegations in the lawsuits a separate question arose concerning the interpretation of the provisions of the LTIP pursuant to which the payments to eight senior officers were calculated. The board, the affected officers (two of whom have retired from FPL Group), and their respective legal counsel are discussing resolution of the issue. Any change from the original interpretation could result in a repayment to FPL Group of up to approximately $9 million.

In February 2003, Donald E. and Judith B. Phillips filed suit against FPL Group (as nominal defendant); all its current directors (except James L. Camaren and Frank G. Zarb); certain former directors; and certain current and former officers of FPL Group and FPL, including James L. Broadhead, Paul J. Evanson, Lewis Hay III, Dennis P. Coyle and Lawrence J. Kelleher. The lawsuit alleges that the proxy statements relating to shareholder approval of FPL Group's LTIP and FPL Group's proposed, but unconsummated, merger with Entergy were false and misleading because they did not affirmatively state that payments made to certain officers under FPL Group's LTIP upon shareholder approval of the merger would be retained by the officers even if the merger with Entergy was not consummated and did not state that under some circumstances payments made pursuant to FPL Group's LTIP might not be deductible by FPL Group for federal income tax purposes. It also alleges that FPL Group's LTIP required either consummation of the merger as a condition to the payments or the return of the payments if the transaction did not close, and that the actions of the director defendants in approving the proxy statements, causing the payments to be made, and failing to demand their return constitute corporate waste. The plaintiffs seek to have the shareholder votes approving FPL Group's LTIP and the merger declared null and void, the return to FPL Group of $62 million of payments received by the officers, compensatory damages of $92 million (including the $62 million of payments received by the officers) from all defendants (except FPL Group) and attorney's fees.

In February 2003, Scott and Rebecca Finestone brought an action on behalf of themselves and their son Zachary Finestone in the Florida district court alleging that their son has developed cancer (neuroblastoma) as a result of the release and/or dissipation into the air, water, soil and underground areas of radioactive and non-radioactive hazardous materials, including strontium 90, and the release of other toxic materials from FPL's St. Lucie nuclear power plant. The complaint includes counts against FPL for strict liability for allegedly engaging in an ultra-hazardous activity and for alleged negligence in operating the plant in a manner that allowed emissions of the foregoing materials and failing to limit its release of nuclear fission products as prescribed by federal and state laws and regulations. The plaintiffs seek damages in excess of $1 million.

In March 2003, James J. and Lori Bradstreet brought an action on behalf of themselves and their son, Matthew Bradstreet, in the Circuit Court of the 18th Judicial Circuit in and for Brevard County, Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, the American Dental Association, the Florida Dental Association, FPL and the Orlando Utilities Commission (OUC), alleging that their son has suffered toxic neurological effects from mercury poisoning. The sources of mercury exposure are alleged to be vaccines containing a preservative called thimerosal that were allegedly manufactured and distributed by the drug companies, mercury amalgam dental fillings, and emissions from FPL and OUC power plants in Florida, including Brevard County. The complaint includes counts against all defendants for civil battery and against FPL for alleged negligence in operating the plants such that the son was exposed to mercury and other heavy metals emissions. The damages demanded from FPL are for injuries and losses allegedly suffered by the son as a result of his exposure to the plants' mercury emissions and the parents' alleged pain and suffering, medical expenses, loss of wages, and loss of their son's services and companionship. No amount of damages is specified. FPL has not yet responded to the complaint but expects to do so in the near future.

FPL Group and FPL believe that they have meritorious defenses to the pending litigation discussed above and are vigorously defending the lawsuits. Management does not anticipate that the liabilities, if any, arising from the proceedings would have a material adverse effect on the financial statements.

In addition to those legal proceedings discussed herein, FPL Group and its subsidiaries, including FPL, are involved in a number of other legal proceedings and claims in the ordinary course of their businesses. While management is unable to predict with certainty the outcome of these other legal proceedings and claims, it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements.

Other Contingencies – In connection with the redemption in 1999 of its one-third ownership interest in Olympus Communications, L.P. (Olympus), an indirect subsidiary of FPL Group holds a note receivable from a limited partnership, of which Olympus is a general partner. The note receivable is secured by a pledge of the redeemed ownership interest. Olympus is an indirect subsidiary of Adelphia Communications Corp. (Adelphia). In June 2002, Adelphia and a number of its subsidiaries, including Olympus, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11). The note receivable plus accrued interest totaled approximately $127 million at December 31, 2002 and are included in other investments on FPL Group's consolidated balance sheets. The note was due on July 1, 2002 and is currently in default.

Based on the most recent publicly available financial information set forth in Olympus' Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001, total assets of Olympus exceeded liabilities by approximately $3.6 billion and Olympus served 1,787,000 basic subscribers. Olympus has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or its subsequent Quarterly Reports on Form 10-Q with the Securities and Exchange Commission (SEC), and consequently the September 30, 2001 financial information may not be indicative of Olympus' current financial position. In July 2002, the SEC filed suit against Adelphia and certain of its officers alleging that Adelphia fraudulently excluded billions of dollars of debt from its financial statements, misstated its financial and operating results and concealed rampant self-dealing by the Rigas family, which controlled Adelphia. Pursuant to a bankruptcy court order, Olympus is required to file with the court updated financial information. After a number of motions to extend being granted by the Court, updated financial information is now required to be filed by June 23, 2003.

In August 2002, an affidavit was filed in the bankruptcy court proceedings by a director of Lazard Freres & Co. LLC stating that, based on his analysis, the market value of FPL Group's secured interest in Olympus exceeded the carrying value of the note receivable plus accrued interest. In February 2003, FPL Group obtained an evaluation of the Olympus assets from an independent third party. The results of the evaluation, which was based on the limited information available, indicated that there is no impairment. However, the ultimate collectibility of the note receivable cannot be assured. FPL Group will continue to monitor these developments.

FPL Energy owns a 50% interest in two wind projects that are qualifying facilities under the Public Utility Regulatory Policies Act of 1978, as amended (PURPA) and sell 100% of their output to Southern California Edison (SCE). The projects' qualifying facility status is based on an application filed by FPL Energy's partner in the projects. FERC regulations preclude more than 50% of the equity in qualifying facilities to be owned directly or indirectly by utilities or utility holding companies. However, the ownership restriction does not apply to utility holding companies that are exempt from the Public Utility Holding Company Act of 1935, as amended (Holding Company Act) under section 3(a)(3) or 3(a)(5). FPL Energy and its partner both are utility holding companies, but its partner currently has exemptions from the Holding Company Act under both section 3(a)(3) and 3(a)(5). Thus, FPL Energy and its partner currently satisfy the 50% ownership test of PURPA. SCE has filed a motion with the SEC requesting that the SEC revoke the Holding Company Act exemptions currently held by FPL Energy's partner prospectively, as well as retroactively, on the basis that the Holding Company Act exemption applications filed by FPL Energy's partner were not filed in good faith. On February 6, 2003, an administrative law judge issued a decision revoking FPL Energy's partner's exemptions from the Holding Company Act. FPL Energy's partner has filed for an appeal of this decision with the SEC. On February 27, 2003, in response to the administrative law judge's decision, FPL Energy's partner transferred the ownership of its affiliates, which are partners in the partnership, to a trust with an independent non-utility trustee. The partnerships plan to apply with the FERC for recertification of the facilities as qualifying facilities under the new ownership arrangements. In addition, on October 24, 2002, the FERC issued an Order Initiating Investigation and Hearing on the issue of whether three facilities, including the two wind projects described above and a third in which FPL Energy has no interest, satisfied statutory and regulatory requirements for qualifying facility status following the 1997 transfer of ownership interests in the facilities from FPL Energy's partner to a third party. This investigation resulted in a tentative settlement with SCE. The tentative settlement, if approved by the FERC and the California Public Utilities Commission, would result in the facilities no longer having to satisfy qualifying facility ownership requirements and would not materially affect FPL Energy's results of operations. If the SEC upholds the administrative law judge's decision, the FERC rejects the recertification application and/or FPL Energy or its partner did not take appropriate remedial steps, the projects could lose their qualifying facility status, the settlement with SCE might not be consummated and SCE could seek to terminate its long-term power sales agreements with the partnerships. If the long-term power sales agreements were terminated, the projects would have to sell their output into the marketplace. FPL Energy recorded a charge in 2002 associated with these regulatory issues of approximately $17 million ($10 million after tax), which is included in equity in earnings of equity method investees in FPL Group's consolidated statements of income. At December 31, 2002, FPL Energy's net investment in these two wind projects totaled approximately $14 million, which is included in other investments and other current assets on FPL Group's consolidated balance sheets.

Subsidiaries of FPL Group, other than FPL, have investments in several leveraged leases, two of which are with MCI Telecommunications Corporation (MCI). In July 2002, MCI filed for bankruptcy protection under Chapter 11. Due to the uncertainty of collectibility associated with these leveraged leases, FPL Group recorded reserves totaling $48 million ($30 million after tax) in 2002.

18. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a non-rate regulated energy generating subsidiary. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. FPL Group's operating revenues derived from the sale of electricity represented approximately 96%, 97% and 97% of FPL Group's operating revenues in 2002, 2001 and 2000, respectively. Less than 1% of operating revenues were from foreign sources for each of the three years ended December 31, 2002. At December 31, 2002 and 2001, less than 1% of long-lived assets were located in foreign countries.

FPL Group's segment information is as follows:

	2002				2001				2000			
	FPL	FPL Energy[a]	Corp. and Other	Total	FPL	FPL Energy[a]	Corp. and Other	Total	FPL	FPL Energy[a]	Corp. and Other	Total
	(millions)											
Operating revenues	$ 7,378	$ 829	$ 104	$ 8,311	$ 7,477	$ 720	$ 129	$ 8,326	$ 6,361	$ 612	$ 89	$ 7,062
Operating expenses	$ 6,052	$ 842	$ 189	$ 7,083	$ 6,200	$ 609	$ 121	$ 6,930	$ 5,210	$ 514	$ 98	$ 5,822
Interest charges	$ 166	$ 86	$ 59	$ 311	$ 187	$ 74	$ 63	$ 324	$ 176	$ 67	$ 35	$ 278
Depreciation and amortization	$ 831	$ 107	$ 14	$ 952	$ 898	$ 77	$ 8	$ 983	$ 975	$ 50	$ 7	$ 1,032
Equity in earnings of equity method investees	$ -	$ 76	$ -	$ 76	$ -	$ 81	$ -	$ 81	$ -	$ 45	$ -	$ 45
Income tax expense (benefit)	$ 413	$ (54)	$(115)[d]	$ 244	$ 383	$ 25	$ (29)	$ 379	$ 341	$ 36	$ (41)	$ 336
Income (loss) before cumulative effect of change in accounting principle [b][c]	$ 717	$ 53	$ (75)	$ 695	$ 679	$ 113	$ (11)	$ 781	$ 607	$ 82	$ 15	$ 704
Cumulative effect of adopting FAS 142, net of income taxes	$ -	$ (222)[e]	$ -	$ (222)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net income (loss) [b][c]	$ 717	$ (169)	$ (75)	$ 473	$ 679	$ 113	$ (11)	$ 781	$ 607	$ 82	$ 15	$ 704
Significant noncash investing and financing activities	$ 74	$ -	$ 111	$ 185	$ 70	$ -	$ -	$ 70	$ (57)	$ -	$ 100	$ 43
Capital expenditures and investments	$ 1,256	$ 2,103	$ (99)	$ 3,260	$ 1,154	$ 1,977	$ 131	$ 3,262	$ 1,299	$ 507	$ 90	$ 1,896
Total assets	$ 12,637	$ 6,358	$ 795	$ 19,790	$ 11,924	$ 4,957	$ 582	$ 17,463	$ 12,020	$ 2,679	$ 601	$ 15,300
Investment in equity method investees	$ -	$ 310	$ -	$ 310	$ -	$ 276	$ -	$ 276	$ -	$ 196	$ -	$ 196

[a] FPL Energy's interest charges are based on an assumed capital structure of 50% debt for operating projects and 100% debt for projects under construction.
[b] Includes merger-related expense recognized in 2001 and 2000 totaling $19 million after tax and $41 million after tax, respectively, of which $16 million and $38 million was recognized by FPL, none and $1 million by FPL Energy and $3 million and $2 million by Corporate and Other (see Note 9).
[c] Includes, in 2002, restructuring and other charges of $73 million after tax at FPL Energy, restructuring and impairment charges of $64 million after tax at FPL FiberNet and a reserve for leveraged leases of $30 million after tax at Corporate and Other.
[d] Includes favorable settlement of litigation with the IRS for which a net tax benefit of $30 million was recognized.
[e] See Note 7.

19. Summarized Financial Information of FPL Group Capital

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for and holds ownership interest in FPL Group's operating subsidiaries other than FPL. The majority of FPL Group Capital's debt, including its debentures, are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Year Ended December 31, 2002				Year Ended December 31, 2001				Year Ended December 31, 2000			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)											
Operating revenues	$ -	$ 932	$ 7,379	$ 8,311	$ -	$ 850	$ 7,476	$ 8,326	$ -	$ 701	$ 6,361	$ 7,062
Operating expenses	(5)	(1,031)	(6,047)	(7,083)	-	(730)	(6,200)	(6,930)	-	(612)	(5,210)	(5,822)
Interest charges	(28)	(144)	(139)	(311)	(29)	(136)	(159)	(324)	(31)	(102)	(145)	(278)
Other income (deductions) – net	488	84	(550)	22	788	147	(847)	88	726	135	(783)	78
Income before income taxes	455	(159)	643	939	759	131	270	1,160	695	122	223	1,040
Income tax expense (benefit)	(18)	(151)	413	244	(22)	18	383	379	(9)	4	341	336
Net income (loss) before cumulative effect of change in accounting principle	473	(8)	230	695	781	113	(113)	781	704	118	(118)	704
Cumulative effect of adopting FAS 142, net of income taxes	-	(222)	-	(222)	-	-	-	-	-	-	-	-
Net income (loss)	$ 473	$ (230)	$ 230	$ 473	$ 781	$ 113	$ (113)	$ 781	$ 704	$ 118	$ (118)	$ 704

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Balance Sheets

	December 31, 2002				December 31, 2001			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 5,745	$ 20,760	$ 26,505	$ -	$ 3,606	$ 19,782	$ 23,388
Less accumulated depreciation and amortization	-	(360)	(11,84)	(12,20)	-	(246)	(11,48)	(11,72)
			1	1			0	6
Total property, plant and equipment – net	-	5,385	8,919	14,304	-	3,360	8,302	11,662
CURRENT ASSETS								
Cash and cash equivalents	5	261	-	266	-	81	1	82
Receivables	460	269	136	865	7	442	331	780
Other	-	240	537	777	-	114	626	740
Total current assets	465	770	673	1,908	7	637	958	1,602
OTHER ASSETS								
Investment in subsidiaries	6,221	-	(6,221)	-	6,485	-	(6,485)	-
Other	103	1,284	2,191	3,578	108	2,066	2,025	4,199
Total other assets	6,324	1,284	(4,030)	3,578	6,593	2,066	(4,460)	4,199
TOTAL ASSETS	$ 6,789	$ 7,439	$ 5,562	$ 19,790	$ 6,600	$ 6,063	$ 4,800	$ 17,463
CAPITALIZATION								
Common shareholders' equity	$ 6,390	$ 839	$ (839)	$ 6,390	$ 6,015	$ 1,040	$ (1,040)	$ 6,015
Preferred stock of FPL without sinking fund requirements	-	-	226	226	-	-	226	226
Long-term debt	-	3,426	2,364	5,790	-	2,279	2,579	4,858
Total capitalization	6,390	4,265	1,751	12,406	6,015	3,319	1,765	11,099
CURRENT LIABILITIES								
Accounts payable and short-term debt	-	1,563	1,092	2,655	-	1,815	640	2,455
Other	17	812	427	1,256	201	284	699	1,184
Total current liabilities	17	2,375	1,519	3,911	201	2,099	1,339	3,639
OTHER LIABILITIES AND DEFERRED CREDITS								
Accumulated deferred income taxes and unamortized tax credits	(5)	412	1,333	1,740	-	513	1,017	1,530
Other	387	387	959	1,733	384	132	679	1,195
Total other liabilities and deferred credits	382	799	2,292	3,473	384	645	1,696	2,725
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 6,789	$ 7,439	$ 5,562	$ 19,790	$ 6,600	$ 6,063	$ 4,800	$ 17,463

(a) Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2002				Year Ended December 31, 2001				Year Ended December 31, 2000			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consoli-dated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consoli-dated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consoli-dated
	(millions)											
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 426	$ 1,227	$ 685	$ 2,338	$ 769	$ 15	$ 1,158	$ 1,942	$ 959	$ 159	$ (142)	$ 976
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures and independent power investments	-	(2,004)	(1,256)	(3,260)	-	(2,105)	(1,154)	(3,259)	-	(595)	(1,299)	(1,894)
Capital contributions to FPL Group Capital and FPL	(350)	-	350	-	(400)	-	400	-	(418)	-	418	-
Other – net	3	88	(98)	(7)	(4)	69	(75)	(10)	3	54	(106)	(49)
Net cash used in investing activities	(347)	(1,916)	(1,004)	(3,267)	(404)	(2,036)	(829)	(3,269)	(415)	(541)	(987)	(1,943)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	-	1,177	593	1,770	-	920	-	920	-	-	947	947
Retirements of long-term debt	-	(32)	(765)	(797)	-	(21)	(66)	(87)	-	-	(515)	(515)
Increase (decrease) in short-term debt	-	(276)	490	214	-	1,152	(328)	824	-	353	466	819
Capital contributions from FPL Group	-	-	-	-	-	-	-	-	-	18	(18)	-
Issuances of common stock	378	-	-	378	-	-	-	-	-	-	-	-
Repurchases of common stock	-	-	-	-	-	-	-	-	(150)	-	-	(150)
Dividends	(400)	-	-	(400)	(377)	-	-	(377)	(366)	(314)	314	(366)
Other – net	(52)	-	-	(52)	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	(74)	869	318	1,113	(377)	2,051	(394)	1,280	(516)	57	1,194	735
Net increase (decrease) in cash and cash equivalents	5	180	(1)	184	(12)	30	(65)	(47)	28	(325)	65	(232)
Cash and cash equivalents at beginning of year	-	81	1	82	12	51	66	129	(16)	376	1	361
Cash and cash equivalents at end of year	$ 5	$ 261	$ -	$ 266	$ -	$ 81	$ 1	$ 82	$ 12	$ 51	$ 66	$ 129

(a) Represents FPL and consolidating adjustments.

20. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information is as follows:

	March 31 [a]	June 30 [a]	September 30 [a]	December 31 [a]
		(millions, except per share amounts)		
FPL GROUP:				
2002				
Operating revenues	$1,771	$2,128	$2,353	$2,059
Operating income	$ 256	$ 409	$ 315[c]	$ 248
Income before cumulative effect of a change in accounting principle	$ 166[b]	$ 250	$ 150[c]	$ 129
Cumulative effect of adopting FAS 142	$ (222)	$ -	$ -	$ -
Net income (loss)	$ (56)[b]	$ 250	$ 150[c]	$ 129
Earnings per share before cumulative effect of adopting FAS 142 (basic and assuming dilution) [d]	$ 0.98[b]	$ 1.46	$ 0.85[c]	$ 0.73
Cumulative effect of adopting FAS 142 [d]	$ (1.31)	$ -	$ -	$ -
Earnings (loss) per share (basic and assuming dilution) [d]	$ (0.33)[b]	$ 1.46	$ 0.85[c]	$ 0.73
Dividends per share	$ 0.58	$ 0.58	$ 0.58	$ 0.58
High-low common stock sales prices	$60.10-51.13	$65.31-56.30	$60.08-45.00	$61.40-48.35
2001				
Operating revenues	$1,903	$2,129	$2,490	$1,804
Operating income	$ 240[e]	$ 380	$ 543	$ 233
Net income	$ 110[e]	$ 219	$ 334	$ 118
Earnings per share (basic and assuming dilution [d]	$ 0.65[e]	$ 1.30	$ 1.98	$ 0.70
Dividends per share	$ 0.56	$ 0.56	$ 0.56	$ 0.56
High-low common stock sales prices	$71.63-54.81	$63.15-54.55	$60.50-51.21	$57.28-52.16
FPL:				
2002				
Operating revenues	$1,538	$1,921	$2,144	$1,775
Operating income	$ 164	$ 252	$ 329	$ 157
Net income	$ 122	$ 209	$ 288	$ 113
Net income available to FPL Group	$ 118	$ 205	$ 284	$ 110
2001				
Operating revenues	$1,647	$1,935	$2,272	$1,623
Operating income	$ 156[e]	$ 233	$ 338	$ 157
Net income	$ 101[e]	$ 186	$ 294	$ 113
Net income available to FPL Group	$ 97[e]	$ 182	$ 290	$ 110

[a] In the opinion of FPL Group and FPL, all adjustments, which consist of normal recurring accruals necessary to present a fair statement of the amounts shown for such periods, have been made. Results of operations for an interim period may not give a true indication of results for the year.
[b] Includes a gain from an income tax settlement.
[c] Includes restructuring, impairment and/or other charges.
[d] The sum of the quarterly amounts may not equal the total for the year due to rounding and changes in weighted-average number of common shares outstanding.
[e] Includes merger-related expenses.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrants

FPL Group – The information required by this item will be included in FPL Group's Proxy Statement which will be filed with the SEC in connection with the 2003 Annual Meeting of Shareholders (FPL Group's Proxy Statement) and is incorporated herein by reference, or is included in Item I. Business – Executive Officers of the Registrants.

FPL DIRECTORS[(a)]

Dennis P. Coyle. Mr. Coyle, 64, is general counsel and secretary of FPL and FPL Group. He is a director of Adelphia Communications Corporation. Mr. Coyle has been a director of FPL since 1990.

Moray P. Dewhurst. Mr. Dewhurst, 48, is senior vice president, finance and chief financial officer of FPL and vice president, finance and chief financial officer of FPL Group. Mr. Dewhurst has been a director of FPL since 2001.

Paul J. Evanson. Mr. Evanson, 61, is president of FPL. He is a director of Lynch Interactive Corporation. Mr. Evanson has been a director of FPL since 1992 and a director of FPL Group since 1995.

Lewis Hay III. Mr. Hay, 47, is chairman and chief executive officer of FPL and chairman, chief executive officer and president of FPL Group. He is a director of Harris Corporation. Mr. Hay has been a director of FPL and FPL Group since 2001.

Lawrence J. Kelleher. Mr. Kelleher, 55, is senior vice president, human resources and corporate services of FPL and vice president, human resources of FPL Group. Mr. Kelleher has been a director of FPL since 1990.

Armando J. Olivera. Mr. Olivera, 53, is senior vice president, power systems of FPL. Mr. Olivera has been a director of FPL since 1999.

Antonio Rodriguez. Mr. Rodriguez, 60, is senior vice president, power generation division of FPL. Mr. Rodriguez has been a director of FPL since 1999.

John A. Stall. Mr. Stall, 48, is senior vice president, nuclear division of FPL. Mr. Stall has been a director of FPL since 2001.

(a) Directors are elected annually and serve until their resignation, removal or until their respective successors are elected. Each director's business experience during the past five years is noted either here or in the Executive Officers table in Item 1. Business – Executive Officers of the Registrants.

Item 11. Executive Compensation

FPL Group – The information required by this item will be included in FPL Group's Proxy Statement and is incorporated herein by reference, provided that the Compensation Committee Report, the Audit Committee Report (to the extent permitted by the rules of the SEC) and Performance Graphs which are contained in FPL Group's Proxy Statement shall not be deemed to be incorporated herein by reference.

FPL – The following table sets forth FPL's portion of the compensation paid during the past three years to FPL's chief executive officer and the other four most highly-compensated persons who served as executive officers of FPL at December 31, 2002.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation: Salary	Annual Compensation: Bonus	Annual Compensation: Other Annual Compensation	Long-Term Compensation: Restricted Stock Awards[a]	Long-Term Compensation: Securities Underlying Options (#)	Long-Term Compensation: LTIP Payouts[b]	All Other Compensation[c]
Lewis Hay III [d] Chairman of the Board and Chief Executive Officer of FPL and Chairman of the Board, President and Chief Executive Officer of FPL Group	2002	$ 781,176	$ 991,312	$ 17,945	$ 525,696	66,578	$ 805,584	$ 19,615
	2001	254,264	522,806	6,435	1,116,930	180,500	-	7,059
	2000	298,705	231,675	9,957	-	-	4,859,143	11,059
Paul J. Evanson President of FPL	2002	724,200	663,700	14,986	493,500	75,000	1,937,523	11,643
	2001	693,000	1,652,207	11,113	1,157,250	150,000	-	11,174
	2000	660,000	660,700	11,105	-	-	10,395,654	8,544
Moray P. Dewhurst [e] Senior Vice President, Finance and Chief Financial Officer of FPL and Vice President, Finance and Chief Financial Officer of FPL Group	2002	401,240	377,983	14,730	233,643	44,385	362,229	8,624
	2001	163,443	366,780	22,672	999,068	90,250	-	2,306
	2000	-	-	-	-	-	-	-
Dennis P. Coyle General Counsel and Secretary of FPL and FPL Group	2002	430,179	271,015	13,952	350,464	44,385	888,765	8,922
	2001	418,489	772,302	11,268	835,535	90,250	-	8,372
	2000	410,640	310,045	8,487	-	-	5,892,417	7,900
Lawrence J. Kelleher Senior Vice President, Human Resources and Corporate Services of FPL and Vice President, Human Resources of FPL Group	2002	332,355	240,922	13,225	584,107	44,385	702,635	10,724
	2001	323,366	600,855	10,169	1,392,558	90,250	-	10,511
	2000	316,680	240,723	11,952	-	-	5,757,767	7,616

[a] At December 31, 2002, Mr. Hay held 29,166 shares of restricted common stock with a value of $1,753,752, of which 11,250 shares were granted in 2002 and 17,916 were granted in 2001 and vest as to 18,333 shares in 2003, 7,083 shares in 2004 and 3,750 shares in 2005; Mr. Evanson held 18,750 shares of restricted common stock with a value of $1,127,438, of which 9,375 shares were granted in each of years 2002 and 2001 and vest as to 12,500 shares in 2003 and 3,125 shares in each of years 2004 and 2005; Mr. Dewhurst held 20,000 shares of restricted common stock with a value of $1,202,600, of which 5,000 shares were granted in 2002 and 15,000 shares were granted in 2001 and vest as to 6,666 shares in 2003 and 6,667 shares in each of years 2004 and 2005; Mr. Coyle held 15,000 shares of restricted common stock with a value of $901,950, of which 7,500 shares were granted in each of years 2002 and 2001 and vest as to 10,000 shares in 2003 and 2,500 shares in each of years 2004 and 2005; and Mr. Kelleher held 25,000 shares of restricted common stock with a value of $1,503,250, of which 12,500 shares were granted in each of years 2002 and 2001 and vest as to 16,666 shares in 2003 and 4,167 shares in each of years 2004 and 2005. Dividends at normal rates are paid on restricted common stock.

[b] For 2002, payouts of vested shareholder value awards were made in cash and payouts of vested performance share awards were made in a combination of cash (for payment of income taxes) and shares of FPL Group common stock, valued at the closing price on the date payouts were approved. Messrs. Evanson and Dewhurst deferred their performance share award payouts under FPL Group's Deferred Compensation Plan. For 2001, payouts were based on a performance period of one fiscal year and, in accordance with SEC rules, are reported for 2001 under the "Bonus" column of this table. For 2000, upon a change of control as defined in the FPL Group, Inc. Long Term Incentive Plan 1994, on December 15, 2000, all performance criteria of performance-based awards, restricted stock and other stock-based awards held by executive officers were deemed fully achieved and all such awards were deemed fully earned and vested. The performance criteria of performance-based awards were waived and the awards were paid out using an assumption of maximum performance for the named officers.

[c] For 2002, represents employer matching contributions to thrift plans of $9,500 for Mr. Evanson and $8,433 for each of the other named officers, and employer contributions for life insurance as follows: Mr. Hay $11,182, Mr. Evanson $2,143, Mr. Dewhurst $191, Mr. Coyle $489 and Mr. Kelleher $2,291.

[d] Mr. Hay joined FPL Group in July 1999 as vice president, finance and chief financial officer of FPL Group and senior vice president, finance and chief financial officer of FPL. He served as president of FPL Energy from March 2000 to December 2001 and was elected president and chief executive officer of FPL Group on June 11, 2001. He was elected chairman of the board of FPL Group and FPL and chief executive officer of FPL on January 1, 2002.

[e] Mr. Dewhurst was appointed vice president, finance and chief financial officer of FPL Group and senior vice president, finance and chief financial officer of FPL in July 2001.

Long Term Incentive Plan Awards – In 2002, performance share awards, shareholder value awards, and non-qualified stock option awards under FPL Group's Amended and Restated Long Term Incentive Plan were made to the executive officers named in the Summary Compensation Table as set forth in the following tables.

Performance Share Awards

Name	Number of Shares	Performance Period Until Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans: Target #	Estimated Future Payouts Under Non-Stock Price-Based Plans: Maximum #
Lewis Hay III	18,705	1/1/02 - 12/31/05	18,705	29,928
Paul J. Evanson	9,796	1/1/02 - 12/31/05	9,796	15,674
Moray P. Dewhurst	5,241	1/1/02 - 12/31/05	5,241	8,386
Dennis P. Coyle	5,619	1/1/02 - 12/31/05	5,619	8,990
Lawrence J. Kelleher	4,341	1/1/02 - 12/31/05	4,341	6,946

The performance share awards in the preceding table are, under normal circumstances, payable at the end of the performance period indicated. The amount of the payout is determined by multiplying the participant's target number of shares by his average level of attainment, expressed as a percentage, which may not exceed 160%, of his targeted awards under the Annual Incentive Plans for each of the years encompassed by the award period. Annual Incentive Compensation is based on the attainment of net income goals for FPL and FPL Group, which are established by the Compensation Committee of FPL Group's Board of Directors (the Committee) at the beginning of the year, and adjusted for specified items including any changes in accounting principles, any changes in the mark-to-market value of non-managed hedges, and certain charges or gains (adjusted net income). The amounts earned on the basis of this performance measure are subject to reduction based on the degree of achievement of other corporate and business unit performance measures, and in the discretion of the Committee. FPL's portion of the performance share award payouts for the performance period ended December 31, 2002 is included in the Summary Compensation Table herein in the column entitled "LTIP Payouts." Mr. Hay's annual incentive compensation for 2002 was based on the achievement of FPL Group's adjusted net income goals and the following performance measures for FPL (weighted 75%) and the non-utility and/or new businesses (weighted 25%) and upon certain qualitative factors. For FPL, the incentive performance measures were financial indicators (weighted 50%) and operating indicators (weighted 50%). The financial indicators were operations and maintenance costs, capital expenditure levels, adjusted net income, regulatory return on equity and operating cash flow. The operating indicators were service reliability as measured by the frequency and duration of service interruptions and service unavailability; system performance as measured by availability factors for the fossil power plants and an industry index for the nuclear power plants; employee safety; number of significant environmental violations; customer satisfaction survey results; load management installed capability; and conservation programs' annual installed capacity. For the non-utility and/or new businesses, the performance measures included total combined return on equity; non-utility adjusted net income and return on equity; corporate and other net income; employee safety; and number of significant environmental violations. The qualitative factors included measures to position FPL Group for increased competition and initiating other actions that significantly strengthen FPL Group and enhance shareholder value.

Shareholder Value Awards

Name	Number of Shares	Performance Period Until Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans	
			Target #	Maximum #
Lewis Hay III	12,754	1/1/02 - 12/31/04	12,754	20,406
Paul J. Evanson	8,397	1/1/02 - 12/31/04	8,397	13,435
Moray P. Dewhurst	3,930	1/1/02 - 12/31/04	3,930	6,288
Dennis P. Coyle	4,214	1/1/02 - 12/31/04	4,214	6,742
Lawrence J. Kelleher	3,256	1/1/02 - 12/31/04	3,256	5,210

The shareholder value awards in the preceding table are, under normal circumstances, payable at the end of the performance period indicated. The amount of the payout is determined by multiplying the participant's target number of shares by a factor derived by comparing the annual total shareholder return of FPL Group (price appreciation or depreciation of FPL Group common stock plus dividends) to the total shareholder return of the Standard & Poor's Electric Companies Index companies over the performance period. The payout may not exceed 160% of targeted awards. FPL's portion of the shareholder value award payouts for the performance period ended December 31, 2002, which were at the maximum payout level, are listed in the Summary Compensation Table herein in the column entitled "LTIP Payouts."

Option Grants in Last Fiscal Year

Name	Individual Grants				
	Number of Securities Underlying Options Granted [a]	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price per Share	Expiration Date	Grant Date Present Value [b]
Lewis Hay III	75,000	4.5%	$52.64	2/11/2012	$ 670,500
Paul J. Evanson	75,000	4.5%	52.64	2/11/2012	670,500
Moray P. Dewhurst	50,000	3.0%	52.64	2/11/2012	447,000
Dennis P. Coyle	50,000	3.0%	52.64	2/11/2012	447,000
Lawrence J. Kelleher	50,000	3.0%	52.64	2/11/2012	447,000

[a] Options granted are non-qualified stock options. All stock options will become exercisable 33.3% per year and be fully exercisable after three years. All options were granted at an exercise price per share of 100% of the fair market value of FPL Group common stock on the date of grant.

[b] The hypothetical values shown were calculated using the Black-Scholes option pricing model, based on the following assumptions. For all options, the volatility rate is equal to 19.16% and the dividend yield (representing the current per share annualized dividends divided by the annualized fair market value of the common stock) is equal to 4.05%. The risk-free interest rate is equal to 4.93%, based on the interest rate on an U.S. Treasury zero-coupon bond on the date of grant with a maturity corresponding to the estimated time until exercise of seven years. The values do not take into account risk factors such as non-transferability or risk of forfeiture.

The preceding table sets forth information concerning individual grants of common stock options during fiscal year 2002 to the executive officers named in the Summary Compensation Table. FPL's portion of such awards is also listed in the Summary Compensation Table herein in the column entitled "Securities Underlying Options."

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Number of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-The-Money Options at Fiscal Year-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Lewis Hay III	0	0	91,667	183,333	$ 79,668	$ 721,082
Paul J. Evanson	0	0	75,000	150,000	0	561,750
Moray P. Dewhurst	0	0	25,000	125,000	119,500	733,000
Dennis P. Coyle	0	0	50,000	100,000	0	374,500
Lawrence J. Kelleher	0	0	50,000	100,000	0	374,500

The preceding table sets forth information, with respect to the named officers, concerning the exercise of stock options during the fiscal year and unexercised options held at the end of the fiscal year. The named officers did not exercise any stock options during 2002. All the exercisable and unexercisable options shown in the preceding table were granted in 2001 and 2002. At December 31, 2002, the fair market value of the underlying securities (based on the closing share price of FPL Group common stock reported on the New York Stock Exchange) was $60.13 per share, and did not exceed the exercise price of the options, except for (i) 16,667 and 25,000 exercisable options held by Messrs. Hay and Dewhurst, respectively, and (ii) 108,333; 75,000; 125,000; 50,000; and 50,000 unexercisable options held by Messrs. Hay, Evanson, Dewhurst, Coyle and Kelleher, respectively.

Retirement Plans – FPL Group maintains a non-contributory defined benefit pension plan and a supplemental executive retirement plan (SERP). The FPL Group Employee Pension Plan and SERP were amended to a cash balance style plan effective April 1, 1997. Employees who were SERP participants on that date were not affected by the change, however. The following table shows the estimated annual benefits to employees not affected by the change, which includes all of the executive officers named in the Summary Compensation Table except Messrs. Hay and Dewhurst. Benefits are calculated on a straight-line annuity basis, payable assuming retirement in 2002 at age 65 after the indicated years of service.

Pension Plan Table

Eligible Average Annual Compensation [a]	Years of Service				
	10	20	30	40	50
$ 300,000	$ 58,470	$ 116,927	$ 145,397	$ 153,721	$ 156,109
400,000	78,470	156,927	195,397	206,221	208,609
500,000	98,470	196,927	245,397	258,721	261,109
600,000	118,470	236,927	295,397	311,221	313,609
700,000	138,470	276,927	345,397	363,721	366,109
800,000	158,470	316,927	395,397	416,221	418,609
900,000	178,470	356,927	445,397	468,721	471,109
1,000,000	198,470	396,927	495,397	521,221	523,609
1,100,000	218,470	436,927	545,397	573,721	576,109
1,200,000	238,470	476,927	595,397	626,221	628,609
1,300,000	258,470	516,927	645,397	678,721	681,109
1,400,000	278,470	556,927	695,397	731,221	733,609
1,500,000	298,470	596,927	745,397	783,721	786,109
1,600,000	318,470	636,927	795,397	836,221	838,609
1,700,000	338,470	676,927	845,397	888,721	891,109

[a] The maximum eligible average annual compensation shown in the table is based on 120% of the 2002 pensionable earnings (which includes annual salary and bonus as shown on the Summary Compensation Table) for the highest compensated named officer covered by the non-contributory defined benefit pension plan and SERP and not affected by the change to a cash balance style plan, which is Mr. Evanson.

The compensation covered by the plans includes the 2002 annual salaries and bonus of the executive officers named in the above Summary Compensation Table, but no other amounts shown in the table. Estimated credited years of service for those named executive officers who participate in the plans are: Mr. Evanson, 10 years; Mr. Coyle, 13 years and Mr. Kelleher, 35 years. The total FPL Group covered 2002 compensation for Messrs. Coyle and Kelleher, including FPL's portion, was $789,900 and $645,800, respectively. Amounts shown in the pension plan table reflect deductions to partially cover employer contributions to social security. A supplemental retirement plan for Mr. Coyle provides for benefits based on two times his credited years of service. A supplemental retirement plan for Mr. Evanson provides for benefits based on two times his credited years of service up to age 65 and one times his credited years of service thereafter.

Under the cash balance benefit formula, credits are accumulated in an employee's account and are determined as a percentage of the employee's monthly covered earnings in accordance with the following formula:

Years of Service	Percent of Compensation
0-5	4.5%
5 or more	6.0%

In addition, the employee's account is credited quarterly with interest at an annual rate that is based upon the yield on one-year Treasury Constant Maturities. A higher rate can be provided at FPL Group's discretion and was so provided in 2002. Benefits under the cash balance benefit formula are not reduced for employer contributions to social security or other offset amounts.

Mr. Hay and Mr. Dewhurst are the only named executive officers covered by the cash balance style plan. Benefits under the plan are based upon annual salary and awards under the annual incentive plan (FPL's portion of which is included in the "Bonus" column of the Summary Compensation Table). The estimated age 65 annual retirement benefit payable under that plan, based upon total covered compensation from FPL Group and subsidiaries, including FPL, which was included in their 2002 taxable income (expressed as a joint and 50% survivor benefit) is $349,190 for Mr. Hay and $134,455 for Mr. Dewhurst. This estimate assumes their FPL Group 2002 pensionable earnings increase annually (salary by 3.5% per year, and annual incentive awards equal to 112% of salary for Mr. Hay and 87% of salary for Mr. Dewhurst) until age 65 (year 2020 for each officer) and a cash balance interest crediting rate of 5.0%. The estimated age 65 cash balance account was converted to an annuity based on a 5.08% discount rate and 1994 GAR unisex mortality.

A supplemental retirement plan for Mr. Hay provides a benefit equal to 65% of Mr. Hay's highest average annual compensation (annual salary plus annual incentive award) for the three consecutive calendar year periods out of the four consecutive calendar year period ending with the calendar year in which he retires (final average pay), reduced by the then annual amount of a joint and 50% survivor benefit (which is the actuarial equivalent of the benefits to which he is entitled under the non-contributory defined benefit pension plan and the SERP). If Mr. Hay terminates his employment prior to age 65, the benefit will be reduced on a pro rata basis if he fails to complete at least fifteen years of service with FPL Group or its subsidiaries, including FPL, and it will be further reduced on an actuarial basis as a result of its early distribution. The plan provides a minimum annual joint and 50% survivor benefit (50% of final average pay) payable to Mr. Hay and his surviving spouse upon his termination of employment with FPL Group and its subsidiaries on his normal retirement age (age 65), reduced on an actuarial basis if he terminates before that age. Under the supplemental plan, Mr. Hay's estimated age 65 annual retirement benefit (expressed as a joint and 50% survivor benefit, and calculated based on the same covered compensation and the same assumed increases in pensionable earnings as described in the preceding paragraph) would be increased, over the estimate described above for cash balance style plan and SERP benefits, by approximately $1,703,944.

FPL Group sponsors a split-dollar life insurance plan for certain of FPL's and FPL Group's senior officers, including the FPL executive officers named in the Summary Compensation Table except Mr. Dewhurst. Benefits under the split-dollar plan are provided by universal life insurance policies purchased by FPL Group. If the officer dies prior to retirement (defined to include age plus years of service), or for Mr. Kelleher during employment or after retirement but prior to age 65, the officer's beneficiaries generally receive two and one-half times the officer's annual salary at the time of death. If the officer dies after retirement, or for Mr. Kelleher on or after 65, but before termination of his split-dollar agreement, the officer's beneficiaries receive a percentage of the officer's final annual salary (100% to 180% depending upon age at time of death for Mr. Kelleher and 50% for the other named executive officers who participate in the plan). Upon termination of the agreement after 10 years, at age 65 or termination of employment which qualifies as retirement, whichever is later, the life insurance policies will be assigned to the officer or his beneficiary. Each officer is taxable on the insurance carrier's one-year term rate for his life insurance coverage.

Employment Agreements

2000 Agreements – On December 15, 2000, when FPL Group's shareholders approved a proposed merger with Entergy, previously-existing employment agreements between FPL Group and certain officers, including the individuals named in the Summary Compensation Table except for Mr. Dewhurst, became effective (the 2000 Agreements). The 2000 Agreements provide that the officer shall be employed by FPL Group or its affiliates for a period of four years in a position at least commensurate with his position with FPL Group and/or its affiliates in December 2000. During the employment period, the officer shall be paid an annual base salary at least equal to his annual base salary for 2000, with annual increases consistent with those awarded to other peer officers of FPL Group, but not less than the increases in the consumer price index; shall be paid an annual bonus at least equal to the highest bonus paid to him for any of the three years immediately preceding 2000; be given the opportunity to earn long-term incentive compensation at least as favorable as such opportunities given to other peer officers of FPL Group during 2000 or thereafter; and shall be entitled to participate in employee benefit plans providing benefits at least as favorable as those provided to other peer officers of FPL Group during 2000 or thereafter.

In the event that during the employment period the officer's employment is terminated by FPL Group (except for death, disability, or cause) or if the officer terminates his employment for good reason, as defined in the 2000 Agreement, the officer is entitled to severance benefits in the form of a lump-sum payment equal to the compensation due for the remainder of the employment period or for two years, whichever is longer. Such benefits would be based on the officer's then base salary plus an annual bonus at least equal to the bonus for the year 2000. The officer is also entitled to the maximum amount payable under all long-term incentive compensation grants outstanding, continued coverage under all employee benefit plans, supplemental retirement benefits and a full gross-up in respect of any excise tax incurred as a result of the benefits received pursuant to the 2000 Agreement.

Amendments to 2000 Agreements – In February 2002, each of Messrs. Hay, Evanson, Coyle and Kelleher agreed to amend his 2000 Agreement, and, at the same time, enter into a new executive retention employment agreement with FPL Group (the 2002 Agreements). The definition of good reason contained in each 2000 Agreement was amended to provide FPL Group with greater flexibility to assign different duties and responsibilities to the named executive officers without triggering the officer's rights to terminate employment and be entitled to severance and other benefits. In order to avoid duplication of benefits, each 2000 Agreement was also amended to provide that if a change of control, as defined in the named executive officer's 2002 Agreement, occurs prior to the expiration of the 2000 Agreement, the 2000 Agreement will terminate and the 2002 Agreement will become effective.

2002 Agreements – Each of the individuals named in the Summary Compensation Table is a party to a 2002 Agreement with FPL Group. In the case of Messrs. Hay, Evanson, Coyle and Kelleher, if a change of control does not occur prior to the expiration of his 2000 Agreement, his 2002 Agreement will not become effective until the expiration of his 2000 Agreement and the subsequent occurrence of a potential change of control or a change of control, each as defined in the 2002 Agreement.

Change of control is defined in the 2002 Agreements as (i) the acquisition by any individual, entity, or group of 20% or more of either FPL Group's common stock or the combined voting power of FPL Group other than directly from FPL Group or pursuant to a merger or other business combination which does not itself constitute a change of control, (ii) the incumbent directors of FPL Group ceasing, for any reason, to constitute a majority of the board of directors, unless each director who was not an incumbent director was elected, or nominated for election, by a majority of the incumbent directors and directors subsequently so elected or appointed (excluding those elected as a result of an election contest), (iii) approval by shareholders or, if specified by the board of directors in the exercise of its discretion, consummation of a merger, sale of assets or other business combination as a result of which (x) the voting securities of FPL Group outstanding immediately prior to the transaction do not immediately following the transaction represent more than 60% of the common stock and the voting power of all voting securities of the resulting ultimate parent entity or (y) members of the board of directors of FPL Group constitute less than a majority of the members of the board of directors of the resulting ultimate parent entity, or there is no assurance that they, or their nominees, will constitute at least a majority of that board of directors for at least two years, or (iv) the shareholders approve the liquidation or dissolution of FPL Group. A potential change of control is defined as (i) announcement of an intention to take or consider taking actions which, if consummated or approved by shareholders, would constitute a change of control, or (ii) the acquisition by any individual, entity, or group of 15% or more of either the common stock or the combined voting power of FPL Group other than directly from FPL Group or pursuant to a merger or other business combination which does not itself constitute a change of control.

Once effective, each named executive officer's 2002 Agreement provides that he shall be employed by FPL Group for a period of three years in a position at least commensurate with his position with FPL Group in the ninety day period immediately preceding the effective date of the 2002 Agreement. During this three year employment period, each named executive officer shall be (i) paid an annual base salary at least equal to his annual base as in effect on the effective date, with annual increases consistent with those awarded to other peer officers of FPL Group, but not less than the increases in the consumer price index; (ii) paid an annual bonus (expressed as a percentage of his annual base salary) consistent with those of peer executives at FPL Group, but at least equal to the higher of (x) his targeted annual bonus for the then current fiscal year divided by his then current annual base salary or (y) the average percentage of his annual base salary (as in effect for the applicable years) that was paid or payable as an annual bonus for each of the three fiscal years preceding the fiscal year in which the effective date occurs (or, if higher, for each of the three fiscal years immediately preceding the fiscal year in which a change of control occurs, if a change of control occurs after the effective date); (iii) given the opportunity to earn long-term incentive compensation no less favorable than such opportunities given to him at any time during the 90 days preceding the effective date or, if more favorable, those provided at any time after the effective date to peer officers of FPL Group (but without duplication of awards granted in connection with the shareholder approval of the proposed merger with Entergy); and (iv) entitled to participate in savings, retirement and other employee benefit plans providing benefits no less favorable than those provided to him at any time during the 90 days preceding the effective date or, if more favorable, those provided at any time after the effective date to peer officers of FPL Group.

In the event of a change of control, each 2002 Agreement provides that (i) 50% of a named executive officer's outstanding performance stock-based awards (performance share awards and shareholder value awards) shall be vested and earned at an achievement level equal to the higher of (x) the targeted level of performance of each such award or (y) the average level (expressed as a percentage of target) of achievement in respect of similar awards maturing over the three fiscal years immediately prior to the year in which the change of control occurred; (ii) all other outstanding stock-based awards granted to the named executive officer shall be fully vested and earned; (iii) all options and other exercisable rights granted to the named executive officer shall become exercisable and vested; and (iv) the restrictions, deferral limitations and forfeiture conditions applicable to all outstanding awards granted to the named executive officer shall lapse and such awards shall be deemed fully vested. However, no awards which were granted in connection with the shareholder approval of the proposed merger with Entergy shall become vested, earned or exercisable under the 2002 Agreements as a result of a change of control.

A named executive officer will receive the remaining 50% of the outstanding performance stock-based awards (calculated in the same manner as described above) on the first anniversary of the change of control if he has remained employed by FPL Group or an affiliate through such date or upon an earlier termination of employment by FPL Group (except for death, disability or cause) or by the named executive officer for good reason (defined in the same manner as in the amended 2000 Agreement). Upon such a termination of employment following a change of control and during the employment period, the named executive officer is entitled to, among other things, a lump sum severance payment equal to three times the sum of his annual base salary plus his annual bonus; a payment in respect of three years of foregone supplemental retirement benefits; continued coverage under all employee benefit plans, and certain other benefits and perquisites, for three years; and a full gross-up in respect of any excise tax incurred as a result of the benefits received pursuant to the 2002 Agreement. Such amounts and benefits would also be provided if such a termination of a named executive officer occurs following a potential change of control and prior to an actual change of control, and during the employment period, except that 100% of the outstanding performance stock-based awards (calculated as described above) would be vested and earned, excluding any such awards granted in connection with the shareholder approval of the proposed merger with Entergy. In addition, each named executive officer will also receive a pro rata portion (based upon deemed employment until the end of the three year employment period) of each long term incentive compensation award granted to him on or after the date of the change of control; provided that he will not be eligible to receive any payment with respect to any non-vested portion of an award which was granted in connection with the shareholder approval of the proposed merger with Entergy.

Director Compensation - All of the directors of FPL are salaried employees of FPL Group and its subsidiaries and do not receive any additional compensation for serving as a director.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

FPL Group – The information required by this item relating to security ownership of certain beneficial owners will be included in FPL Group's Proxy Statement and is incorporated herein by reference.

FPL – FPL Group owns 100% of FPL's common stock. FPL's directors and executive officers beneficially own shares of FPL Group's common stock as follows:

Name	Number of Shares[a]
Dennis P. Coyle	190,341[c][d][e][f]
Moray P. Dewhurst	75,116[b][c][d][e]
Paul J. Evanson	294,258[b][c][d][e]
Lewis Hay III	256,026[b][c][d][e]
Lawrence J. Kelleher	191,134[b][c][d][e]
Armando J. Olivera	103,904[b][c][d][e]
Antonio Rodriguez	28,681[b][c][d][e]
John A. Stall	38,162[b][c][d][e]
All directors and executive officers as a group	1,207,536[b][c][d][e][f][g]

[a] Information is as of February 13, 2003. Unless otherwise indicated, each person has sole voting and sole investment power.

[b] Includes 5,353; 72,287; 1,600; 15,709; 11,589; 4,385; and 5,579 share units of Messrs. Dewhurst, Evanson, Hay, Kelleher, Olivera, Rodriguez, and Stall, respectively, and a total of 122,331 share units for all directors and executive officers as a group under deferred compensation plans. Such units have no voting rights.

[c] Includes 5,861; 523; 7,855; 2,239; 2,553; 454; 355; and 292 phantom shares for Messrs. Coyle, Dewhurst, Evanson, Hay, Kelleher, Olivera, Rodriguez, and Stall, respectively, and a total of 20,715 phantom shares for all directors and executive officers as a group, credited to a Supplemental Matching Contribution Account under the Supplemental Executive Retirement Plan. Phantom shares have no voting rights.

[d] Includes 12,500; 23,334; 15,625; 25,416; 20,834; 13,334; 8,334; and 20,834 shares of restricted stock as to which Messrs. Coyle, Dewhurst, Evanson, Hay, Kelleher, Olivera, Rodriguez and Stall, respectively, and a total of 144,211 shares of restricted stock for all directors and executive officers as a group, which have voting but not investment power.

[e] Includes options held by Messrs. Coyle, Dewhurst, Evanson, Hay, Kelleher, Olivera, Rodriguez and Stall to purchase 116,667; 41,667; 175,000; 191,667; 116,667; 58,334; 6,667; and 8,334 shares, respectively, and options to purchase a total of 720,003 shares for all directors and executive officers as a group.

[f] Includes 25 shares owned by Mr. Coyle's wife, as to which Mr. Coyle disclaims beneficial ownership; and 20,610 shares owned by Coyle Holdings Limited Partnership, as to which Mr. Coyle disclaims beneficial ownership except to the extent of his pecuniary interest therein.

[g] Less than 1% of the FPL Group common stock outstanding.

Section 16(a) Beneficial Ownership Reporting Compliance – FPL's directors and executive officers are required to file initial reports of ownership and reports of changes of ownership of FPL Group common stock with the SEC. Based upon a review of these filings and written representations from FPL directors and executive officers, all required filings were timely made in 2002.

Equity Compensation Plan Information

All of FPL Group's equity compensation plans (as defined by applicable SEC regulations) have been approved by its shareholders. FPL Group's equity compensation plan information as of December 31, 2002 is as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) [a] (c)
Equity compensation plans approved by security holders:			
FPL Group's Long Term Incentive Plan	3,645,130	$57.29	4,316,101

(a) These shares are also available for issuance as restricted stock and as performance share awards.

Item 13. Certain Relationships and Related Transactions

FPL Group – The information required by this item will be included in FPL Group's Proxy Statement under a similar heading, if applicable, and under the headings Executive Compensation, Employment Agreements and Certain Retirement Benefits, and is incorporated herein by reference.

FPL – None

Item 14. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Within the 90 days prior to the date of filing this report, FPL Group and FPL performed an evaluation, under the supervision and with the participation of its management, including FPL Group's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)). Based upon that evaluation, the chief executive officer and chief financial officer of each of FPL Group and FPL concluded that the company's disclosure controls and procedures are effective in timely alerting them to material information relating to the company and its consolidated subsidiaries required to be included in the company's reports filed or submitted under the Exchange Act. Due to the inherent limitations of the effectiveness of any established disclosure controls and procedures, management of FPL Group and FPL cannot provide absolute assurance that the objectives of its disclosure controls and procedures will be met.

(b) Changes in Internal Controls

There have been no significant changes in FPL Group's or FPL's internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referred to above.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial Statements

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2. Financial Statement Schedules – Schedules are omitted as not applicable or not required.

3. Exhibits (including those incorporated by reference)

Exhibit Number	Description	FPL Group	FPL
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through December 17, 1990 (filed as Exhibit 4(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669)	x	
*3(i)b	Amendment to FPL Group's Restated Articles of Incorporation dated June 27, 1996 (filed as Exhibit 3 to Form 10-Q for the quarter ended June 30, 1996, File No. 1-8841)	x	
*3(i)c	Restated Articles of Incorporation of FPL dated March 23, 1992 (filed as Exhibit 3(i)a to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(i)d	Amendment to FPL's Restated Articles of Incorporation dated March 23, 1992 (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(i)e	Amendment to FPL's Restated Articles of Incorporation dated May 11, 1992 (filed as Exhibit 3(i)c to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(i)f	Amendment to FPL's Restated Articles of Incorporation dated March 12, 1993 (filed as Exhibit 3(i)d to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(i)g	Amendment to FPL's Restated Articles of Incorporation dated June 16, 1993 (filed as Exhibit 3(i)e to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(i)h	Amendment to FPL's Restated Articles of Incorporation dated August 31, 1993 (filed as Exhibit 3(i)f to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x

Exhibit Number	Description	FPL Group	FPL
*3(i)i	Amendment to FPL's Restated Articles of Incorporation dated November 30, 1993 (filed as Exhibit 3(i)g to Form 10-K for the year ended December 31, 1993, File No. 1-3545)	x	x
*3(ii)a	Bylaws of FPL Group as amended February 12, 2001 (filed as Exhibit 3(ii)a to Form 10-K for the year ended December 31, 2000, File No. 1-8841)	x	
*3(ii)b	Bylaws of FPL dated May 11, 1992 (filed as Exhibit 3 to Form 8-K dated May 1, 1992, File No. 1-3545)		x
*4(a)	Form of Rights Agreement, dated as of July 1, 1996, between FPL Group and EquiServe Trust Company, N.A. as successor to Fleet National Bank (f/k/a The First National Bank of Boston), as Rights Agent (filed as Exhibit 4 to Form 8-K dated June 17, 1996, File No. 1-8841)	x	
*4(b)	Second Amendment to Rights Agreement, dated as of December 26, 2002, between FPL Group and EquiServe Trust Company, N.A. as successor to Fleet National Bank (f/k/a The First National Bank of Boston), as the Rights Agent (filed as Exhibit 3 to Form 8-A/A dated January 3, 2003, File No. 1-8841)	x	
*4(c)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and two Supplements thereto, between FPL and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-K for the year ended December 31, 1993, File No. 1-3545; Exhibit 4(i) to Form 10-Q for the quarter ended June 30, 1994, File No. 1-3545; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended June 30, 1998, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended March 31, 1999, File No. 1-3545; Exhibit 4(f) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(g) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; and Exhibit 4(o), File No. 333-102169)	x	x
*4(d)	Indenture, dated as of June 1, 1999, between FPL Group Capital and The Bank of New York, as Trustee (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	

Exhibit Number	Description	FPL Group	FPL
*4(e)	Guarantee Agreement between FPL Group (as Guarantor) and The Bank of New York (as Guarantee Trustee) dated as of June 1, 1999 (filed as Exhibit 4(b) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(f)	Officer's Certificate of FPL Group Capital, dated June 29, 1999, creating the 6 7/8% Debentures, Series due June 1, 2004 (filed as Exhibit 4(c) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(g)	Officer's Certificate of FPL Group Capital, dated June 29, 1999, creating the 7 3/8% Debentures, Series due June 1, 2009 (filed as Exhibit 4(d) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(h)	Officer's Certificate of FPL Group Capital, dated September 7, 1999, creating the 7 5/8% Debentures, Series due September 15, 2006 (filed as Exhibit 4 to Form 10-Q for the quarter ended September 30, 1999, File No. 1-8841)	x	
*4(i)	Officer's Certificate of FPL Group Capital, dated May 11, 2001, creating the 6 1/8% Debentures, Series due May 15, 2007 (filed as Exhibit 4 to Form 10-Q for the quarter ended June 30, 2001, File No. 1-8841)	x	
*4(j)	Officer's Certificate of FPL Group Capital, dated February 4, 2002, creating the Series A Debentures due February 16, 2007 (filed as Exhibit 4(j) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
*4(k)	Purchase Contract Agreement, dated as of February 1, 2002, between FPL Group and The Bank of New York, as Purchase Contract Agent and Trustee (filed as Exhibit 4(k) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	x
*4(l)	Pledge Agreement, dated as of February 1, 2002, by and among FPL Group, JPMorgan Chase Bank, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent (filed as Exhibit 4(l) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
*4(m)	Officer's Certificate of FPL Group Capital, dated June 12, 2002, creating the Series B Debentures due February 16, 2008 (filed as Exhibit 4(a) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	
*4(n)	Purchase Contract Agreement, dated as of June 1, 2002, between FPL Group and The Bank of New York, as Purchase Contract Agent and Trustee (filed as Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	
*4(o)	Pledge Agreement, dated as of June 1, 2002, by and among FPL Group, JPMorgan Chase Bank, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent (filed as Exhibit 4(c) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	
*10(a)	FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(b)	Amendments # 1 and 2 effective January 1, 1998 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (filed as Exhibit 10(b) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x

Exhibit Number	Description	FPL Group	FPL
*10(c)	Amendment #3 effective January 1, 1999 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (filed as Exhibit 10(c) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(d)	Supplement to the FPL Group Supplemental Executive Retirement Plan as it applies to Paul J. Evanson effective January 1, 1996 (filed as Exhibit 10(b) to Form 10-K for the year ended December 31, 1996, File No. 1-8841)	x	x
*10(e)	Supplemental Executive Retirement Plan for Dennis P. Coyle effective November 15, 1993 (filed as Exhibit 10(f) to Form 10-K for the year ended December 31, 2000, File No. 1-8841)	x	x
*10(f)	Supplement to the FPL Group Supplemental Executive Retirement Plan as it applies to Lewis Hay III effective March 22, 2002 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	x
10(g)	FPL Group Amended and Restated Long Term Incentive Plan, as amended and restated December 20, 2002	x	x
10(h)	Form of 2002 Annual Incentive Plan	x	x
10(i)	Form of Annual Incentive Plan	x	x
*10(j)	FPL Group Deferred Compensation Plan, amended and restated effective January 1, 2001 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2001, File No. 1-8841)	x	x
10(k)	FPL Group Deferred Compensation Plan, amended and restated effective January 1, 2003	x	x
*10(l)	FPL Group Executive Long Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	x
*10(m)	Employment Agreement between FPL Group and Dennis P. Coyle, amended and restated as of May 10, 1999 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 1999, File No. 1-8841)	x	x
*10(n)	Employment Agreement between FPL Group and Paul J. Evanson, amended and restated as of May 10, 1999 (filed as Exhibit 10(c) to Form 10-Q for the quarter ended September 30, 1999, File No. 1-8841)	x	x
*10(o)	Employment Agreement between FPL Group and Lewis Hay III, dated as of September 13, 1999 (filed as Exhibit 10(d) to Form 10-Q for the quarter ended September 30, 1999, File No. 1-8841)	x	x
*10(p)	Employment Agreement between FPL Group and Lawrence J. Kelleher, amended and restated as of May 10, 1999 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended September 30, 1999, File No. 1-8841)	x	x
*10(q)	Employment Agreement between FPL Group and Armando J. Olivera, dated as of June 12, 2000 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2000, File No. 1-8841)	x	x
*10(r)	Employment Agreement between FPL Group and Antonio Rodriguez, dated as of June 12, 2000 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2000, File No. 1-8841)	x	x
*10(s)	FPL Group Non-Employee Directors Stock Plan dated as of March 17, 1997 (filed as Appendix A to FPL Group's 1997 Proxy Statement, File No. 1-8841)	x	

Exhibit Number	Description	FPL Group	FPL
*10(t)	Form of Split-Dollar Agreement between FPL Group and each of Dennis P. Coyle, Paul J. Evanson, Lewis Hay III, Lawrence J. Kelleher, Armando J. Olivera and James L. Robo (filed as Exhibit 10(w) to Form 10-K for the year ended December 31, 2000, File No. 1-8841)	x	x
*10(u)	Consulting Agreement between FPL Group and James L. Broadhead, dated as of December 17, 2001 (filed as Exhibit 10(v) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	x
*10(v)	Form of Amendment to Employment Agreement between FPL Group and each of Dennis P. Coyle, Paul J. Evanson, Lewis Hay III, Lawrence J. Kelleher, Armando J. Olivera and Antonio Rodriguez (filed as Exhibit 10(c) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	x
*10(w)	Generic Form of Executive Retention Employment Agreement between FPL Group and each of Dennis P. Coyle, Paul J. Evanson, Lewis Hay III, Lawrence J. Kelleher, Armando J. Olivera and Antonio Rodriguez (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	x
*10(x)	Generic Form of Executive Retention Employment Agreement between FPL Group and each of Moray P. Dewhurst, John A. Stall and James L. Robo (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2002, File No. 1-8841)	x	x
*10(y)	Guarantee Agreement between FPL Group and FPL Group Capital, dated as of October 14, 1998 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
12(a)	Computation of Ratio of Earnings to Fixed Charges	x	
12(b)	Computation of Ratios		x
21	Subsidiaries of the Registrant	x	
23	Independent Auditors' Consent	x	x
99(a)	Section 906 Certification of Chief Executive Officer of FPL Group	x	
99(b)	Section 906 Certification of Chief Financial Officer of FPL Group	x	
99(c)	Section 906 Certification of Chief Executive Officer of FPL		x
99(d)	Section 906 Certification of Chief Financial Officer of FPL		x

*Incorporated herein by reference

FPL Group and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that FPL Group and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

(b) Reports on Form 8-K - None

FPL GROUP, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FPL Group, Inc.

LEWIS HAY III
Lewis Hay III
Chairman of the Board, President,
Chief Executive Officer and Director
(Principal Executive Officer)

Date: March 25, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of March 25, 2003:

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance and
Chief Financial Officer
(Principal Financial Officer)

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

H. JESSE ARNELLE
H. Jesse Arnelle

WILLARD D. DOVER
Willard D. Dover

SHERRY S. BARRAT
Sherry S. Barrat

ALEXANDER W. DREYFOOS, JR.
Alexander W. Dreyfoos, Jr.

ROBERT M. BEALL, II
Robert M. Beall, II

PAUL J. EVANSON
Paul J. Evanson

J. HYATT BROWN
J. Hyatt Brown

FREDERIC V. MALEK
Frederic V. Malek

JAMES L. CAMAREN
James L. Camaren

PAUL R. TREGURTHA
Paul R. Tregurtha

ARMANDO M. CODINA
Armando M. Codina

FRANK G. ZARB
Frank G. Zarb

CERTIFICATIONS

I, Lewis Hay III, Chief Executive Officer of FPL Group, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

LEWIS HAY III

Lewis Hay III
Chairman of the Board, President
and Chief Executive Officer

I, Moray P. Dewhurst, Chief Financial Officer of FPL Group, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer

FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Florida Power & Light Company

PAUL J. EVANSON
Paul J. Evanson
President and Director

Date: March 25, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of March 25, 2003:

LEWIS HAY III
Lewis Hay III
Chairman of the Board, Chief Executive Officer
and Director (Principal Executive Officer)

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer and Director
(Principal Financial Officer)

K. MICHAEL DAVIS
K. Michael Davis
Vice President, Accounting,
Controller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

DENNIS P. COYLE
Dennis P. Coyle

ANTONIO RODRIGUEZ
Antonio Rodriguez

LAWRENCE J. KELLEHER
Lawrence J. Kelleher

JOHN A. STALL
John A. Stall

ARMANDO J. OLIVERA
Armando J. Olivera

CERTIFICATIONS

I, Lewis Hay III, Chief Executive Officer of Florida Power & Light Company, certify that:

1. I have reviewed this annual report on Form 10-K of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

LEWIS HAY III

Lewis Hay III
Chairman of the Board
and Chief Executive Officer

I, Moray P. Dewhurst, Chief Financial Officer of Florida Power & Light Company, certify that:

1. I have reviewed this annual report on Form 10-K of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

MORAY P. DEWHURST

Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer

EXHIBIT (c) – 2

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31, 2002	December 31, 2001
ELECTRIC UTILITY PLANT		
Plant in service	$ 19,864	$ 18,693
Less accumulated depreciation	(11,842)	(11,480)
Net	8,022	7,213
Nuclear fuel under capital lease – net	140	133
Construction work in progress	757	948
Electric utility plant – net	8,919	8,294
CURRENT ASSETS		
Cash and cash equivalents	-	1
Customer receivables, net of allowances of $9 and $7, respectively	503	546
Other receivables	125	61
Materials, supplies and fossil fuel inventory – at average cost	349	265
Deferred clause expenses	131	304
Other	57	53
Total current assets	1,165	1,230
OTHER ASSETS		
Special use funds	1,693	1,608
Other	860	792
Total other assets	2,553	2,400
TOTAL ASSETS	$ 12,637	$ 11,924
CAPITALIZATION		
Common shareholder's equity	$ 5,382	$ 5,444
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,364	2,579
Total capitalization	7,972	8,249
CURRENT LIABILITIES		
Commercial paper	722	232
Current maturities of long-term debt	70	-
Accounts payable	369	408
Customers' deposits	316	285
Accrued interest and taxes	175	207
Deferred clause revenues	62	144
Other	297	339
Total current liabilities	2,011	1,615
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,215	870
Deferred regulatory credit – income taxes	73	88
Unamortized investment tax credits	120	140
Storm and property insurance reserve	298	235
Other	948	727
Total other liabilities and deferred credits	2,654	2,060
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 12,637	$ 11,924

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Years Ended December 31,				
	2002	2001	2000	1999	1998
	(millions of dollars)				
RATIO OF EARNINGS TO FIXED CHARGES					
Earnings, as defined:					
Net income	$ 732	$ 694	$ 622	$ 591	$ 631
Income taxes	413	383	341	324	349
Fixed charges, as below	177	198	192	174	209
Total earnings, as defined	$1,322	$1,275	$1,155	$1,089	$1,189
Fixed charged, as defined:					
Interest charges	$ 166	$ 187	$ 176	$ 163	$ 196
Rental interest factor	8	6	7	3	4
Fixed charges included in nuclear fuel cost	3	5	9	8	9
Total fixed charges, as defined	$ 177	$ 198	$ 192	$ 174	$ 209
Ratio of earnings to fixed charges	7.47	6.44	6.02	6.26	5.69
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Earnings, as defined:					
Net income	$ 732	$ 694	$ 622	$ 591	$ 631
Income taxes	413	383	341	324	349
Fixed charges, as below	177	198	192	174	209
Total earnings, as defined	$1,322	$1,275	$1,155	$1,089	$1,189
Fixed charged, as defined:					
Interest charges	$ 166	$ 187	$ 176	$ 163	$ 196
Rental interest factor	8	6	7	3	4
Fixed charges included in nuclear fuel cost	3	5	9	8	9
Total fixed charges, as defined	177	198	192	174	209
Non-tax deductible preferred stock dividends	15	15	15	15	15
Ratio of income before income taxes to net income	1.56	1.55	1.55	1.55	1.55
Preferred stock dividends before income taxes	23	23	23	23	23
Combined fixed charges and preferred stock dividends	$ 200	$ 221	$ 215	$ 197	$ 232
Ratio of earnings to combined fixed charges and preferred stock dividends	6.61	5.77	5.37	5.53	5.13

FLORIDA POWER & LIGHT COMPANY

FIRST MORTGAGE BONDS

UNDERWRITING AGREEMENT

December 10, 2002

To the Representatives named in Schedule I
hereto of the Underwriters
named in Schedule II hereto

Ladies and Gentlemen:

1. Introductory. Florida Power & Light Company, a Florida corporation ("FPL"), proposes to issue and sell its First Mortgage Bonds of the series designations, with the terms and in the principal amounts specified in Schedule I hereto (the "Bonds"). FPL hereby confirms its agreement with the several Underwriters (as defined below) as set forth herein.

The term "Underwriters" as used herein shall be deemed to mean the entity or several entities named in Schedule II hereto and any underwriter substituted as provided in Section 5 hereof and the term "Underwriter" shall be deemed to mean one of such Underwriters. If the entity or entities listed in Schedule I hereto (the "Representatives") are the same as the entity or entities listed in Schedule II hereto, then the terms "Underwriters" and "Representatives," as used herein, shall each be deemed to refer to such entity or entities. The Representatives represent that they have been authorized by each Underwriter to enter into this agreement on behalf of such Underwriter and to act for it in the manner herein provided. All obligations of the Underwriters hereunder are several and not joint. If more than one entity is named in Schedule I hereto, any action under or in respect of this agreement may be taken by such entities jointly as the Representatives or by one of the entities acting on behalf of the Representatives and such action will be binding upon all the Underwriters.

2. Description of the Bonds. The Bonds of each series will be a series of first mortgage bonds ("First Mortgage Bonds") issued by FPL under its Mortgage and Deed of Trust, dated as of January 1, 1944, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee (the "Mortgage Trustee"), and The Florida National Bank of Jacksonville (now resigned), as heretofore supplemented and as it will be further supplemented by a supplemental indenture relating to the Bonds ("Supplemental Indenture") in substantially the form heretofore delivered to the Representatives. Such Mortgage and Deed of Trust as it has been and will be so supplemented is hereinafter called the "Mortgage."

3. Representations and Warranties of FPL. FPL represents and warrants to the several Underwriters that:

(a) FPL has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3, including a prospectus ("Registration Statement No. 333-58630"), for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of $500,000,000 aggregate principal amount of its First Mortgage Bonds. Such registration statement has been declared effective by the Commission and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of FPL, threatened by the Commission. FPL has also filed with the Commission a registration statement on Form S-3, pursuant to Rule 462(b) under the Securities Act ("Registration Statement No. 333-101720"), for the registration under the Securities Act of an additional $100,000,000 aggregate principal amount of its First Mortgage Bonds, which registration statement became effective on December 9, 2002 upon filing with the Commission. Such registration statement has been declared effective by the Commission and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of FPL, threatened by the Commission. References herein to the term "Registration Statement" as of any given date shall mean Registration Statement No. 333-58630 and Registration Statement No. 333-101720, each as amended or supplemented to such date, including all documents incorporated by reference therein as of such date pursuant to Item 12 of Form S-3 ("Incorporated Documents"). References herein to the term "Prospectus" as of any given date shall mean the prospectus forming a part of Registration Statement No. 333-58630, as supplemented by a prospectus supplement relating to the Bonds proposed to be filed pursuant to Rule 424 of the general rules and regulations of the Securities Act ("Rule 424"), and as further amended or supplemented as of such date (other than amendments or supplements relating to First Mortgage Bonds other than the Bonds), including all Incorporated Documents. References herein to the term "Effective Date" shall be deemed to refer to the later of the time and date that Registration Statement No. 333-58630 was declared effective and the time and date of the filing thereafter of FPL's most recent Annual Report on Form 10-K, if such filing is made prior to the Closing Date (as hereinafter defined). Prior to the termination of the offering of the Bonds, FPL will not file any amendment to the Registration Statement or any amendment or supplement to the Prospectus without prior notice to the Representatives and to Hunton & Williams, who are acting as counsel for the several Underwriters ("Counsel for the Underwriters"), or any such amendment or supplement to which the Representatives shall reasonably object in writing, or which shall be unsatisfactory to Counsel for the Underwriters.

(b) Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, and Registration Statement No. 333-101720, at the time it became effective, each fully complied and the Prospectus both on the date it is filed with the Commission pursuant to Rule 424 (such date, the "424 Date") and at the Closing Date, and the Registration Statement and the Mortgage at the Closing Date, will fully comply, in all material respects with the applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended (the "1939 Act"),

respectively, and, in each case, the applicable instructions, rules and regulations of the Commission thereunder; Registration Statement No. 333-58360, as amended or supplemented to the Effective Date, including all Incorporated Documents, and Registration Statement No. 333-101720, at the time it became effective, each did not, and at the Closing Date, each will not, contain any untrue statement of a material fact, or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Prospectus, on the 424 Date and at the Closing Date, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the Incorporated Documents, when filed with the Commission, fully complied or will fully comply in all material respects with the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable instructions, rules and regulations of the Commission thereunder; provided, that the foregoing representations and warranties in this subsection (b) shall not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to FPL by or on behalf of any Underwriter through the Representatives expressly for use in connection with the preparation of the Registration Statement or the Prospectus, or to any statements in or omissions from the Statement of Eligibility on Form T-1, or amendments thereto, of the Mortgage Trustee or to any statements or omissions made in the Registration Statement or Prospectus relating to The Depository Trust Company ("DTC") Book-Entry Only System that are based solely on information contained in published reports of DTC.

(c) The financial statements included as part of or incorporated by reference in the Registration Statement present fairly the financial condition and results of operations of FPL at the respective dates or for the respective periods to which they apply; such financial statements have been prepared in each case in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise indicated in the Registration Statement; and Deloitte & Touche LLP, who have audited the audited financial statements, are independent public accountants as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder.

(d) Except as reflected in or contemplated by the Registration Statement and the Prospectus, since the respective most recent dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change in the business, properties or financial condition of FPL, whether or not in the ordinary course of business, nor has any transaction been entered into by FPL that is material to FPL, other than changes and transactions contemplated by the Registration Statement and Prospectus, and transactions in the ordinary course of business. FPL has no material contingent obligation which is not disclosed in or contemplated by the Registration Statement and Prospectus.

(e) The execution and delivery of this agreement, the consummation of the transactions herein contemplated and the fulfillment of the terms hereof on the part of FPL to be fulfilled have been duly authorized by all necessary corporate action of FPL in accordance with the provisions of its Restated Articles of Incorporation, as amended (the

"Charter"), by-laws and applicable law, and the Bonds when issued and delivered as provided herein will constitute valid and binding obligations of FPL enforceable in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

(f) The execution and delivery of this agreement, the consummation of the transactions herein contemplated, the fulfillment of the terms hereof and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, FPL's Charter or by-laws, or any indenture, mortgage, deed of trust or other agreement or instrument to which FPL is now a party, or violate any law or any order, rule, decree or regulation applicable to FPL of any federal or state court, regulatory board or body or administrative agency having jurisdiction over FPL or any of its property, except where such breach, default or violation would not have a material adverse effect on the business, properties or financial condition of FPL.

(g) All the property to be subjected to the lien of the Mortgage will be adequately described therein.

(h) FPL is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4. Purchase and Sale. On the basis of the representations and warranties herein contained, and subject to the terms and conditions in this agreement, FPL agrees to sell to the respective Underwriters named in Schedule II hereto, severally and not jointly, and the respective Underwriters agree, severally and not jointly, to purchase from FPL, the respective principal amounts of the Bonds set forth opposite their respective names in Schedule II hereto at the purchase prices for those Bonds set forth in Schedule I hereto.

The Underwriters agree to make a *bona fide* public offering of the Bonds as set forth in the Prospectus, such public offering to be made as soon after the execution of this agreement as practicable, subject, however, to the terms and conditions of this agreement. The Underwriters have advised FPL that the Bonds will be offered to the public at the amount per Bond as set forth in Schedule I hereto and to certain dealers selected by the Representatives at a price which represents a concession not in excess of the amount per Bond under the public offering price as set forth in Schedule I hereto.

5. Time, Date and Place of Closing, Default of Underwriter. Delivery of the Bonds of each series and payment therefor by wire transfer in federal funds shall be made at the time, date and place set forth in Schedule I hereto, or at such other time, date or place as may be agreed upon in writing by FPL and the Representatives. The time and date of such delivery and payment are herein called the "Closing Date."

The Bonds shall be delivered to the Representatives for the respective accounts of the Underwriters against payment by the several Underwriters through the Representatives of the purchase price therefor. Delivery of the Bonds shall be made through the facilities of DTC unless FPL and the Representatives shall otherwise agree. For the purpose of expediting the

checking of the Bonds by the Representatives on behalf of the Underwriters, FPL agrees to make such Bonds available to the Representatives for such purpose at the offices of Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10022, not later than 2:00 P.M., New York City time, on the business day preceding the Closing Date, or at such other time, date or place as may be agreed upon by FPL and the Representatives.

If any Underwriter shall fail to purchase and pay for the principal amount of the Bonds of either series which such Underwriter has agreed to purchase and pay for hereunder (otherwise than by reason of any failure on the part of FPL to comply with any of the provisions contained herein), the non-defaulting Underwriters shall be obligated to purchase and pay for (in addition to the respective principal amount of the Bonds set forth opposite their respective names in Schedule II hereto) the principal amount of the Bonds of each series which such defaulting Underwriter or Underwriters failed to purchase and pay for, up to a principal amount thereof equal to, in the case of each such remaining Underwriter, ten percent (10%) of the aggregate principal amount of the Bonds of each series as to which there is a default and which are set forth opposite the name of such remaining Underwriter in said Schedule II, and such remaining Underwriters shall have the right, within 24 hours of receipt of such notice, either to (i) purchase and pay for (in such proportion as may be agreed upon among them) the remaining principal amount of the Bonds of each series which the defaulting Underwriter or Underwriters agreed but failed to purchase, or (ii) substitute another Underwriter or Underwriters, satisfactory to FPL, to purchase and pay for the remaining principal amount of the Bonds of each series which the defaulting Underwriter or Underwriters agreed but failed to purchase. If any of the Bonds would still remain unpurchased, then FPL shall be entitled to a further period of 24 hours within which to procure another party or other parties, members of the National Association of Securities Dealers, Inc. (or, if not members of such Association, who are not eligible for membership in said Association and who agree (i) to make no sales within the United States, its territories or its possessions or to persons who are citizens thereof or residents therein and (ii) in making sales to comply with said Association's Conduct Rules) and satisfactory to the Representatives to purchase such Bonds on the terms herein set forth. In the event that, within the respective prescribed periods, (i) the non-defaulting Underwriters notify FPL that they have arranged for the purchase of such Bonds or (ii) FPL notifies the non-defaulting Underwriters that it has arranged for the purchase of such Bonds, the non-defaulting Underwriters or FPL shall have the right to postpone the Closing Date for a period of not more than three full business days beyond the expiration of the respective prescribed periods in order to effect whatever changes may thus be made necessary in the Registration Statement, the Prospectus or in any other documents or arrangements. In the event that neither the non-defaulting Underwriters nor FPL has arranged for the purchase of such Bonds by another party or parties as above provided, then this agreement shall terminate without any liability on the part of FPL or any Underwriter (other than an Underwriter which shall have failed or refused, otherwise than for some reason sufficient to justify, in accordance with the terms hereof, the cancellation or termination of its obligations hereunder, to purchase and pay for the Bonds which such Underwriter has agreed to purchase as provided in Section 4 hereof), except as otherwise provided in Section 9 and subsections (c) and (e) of Section 6 hereof.

6. Covenants of FPL. FPL agrees with the several Underwriters that:

(a) FPL will promptly file the Prospectus with the Commission pursuant to Rule 424 under the Securities Act.

(b) FPL will deliver to the Representatives and to Counsel for the Underwriters one signed copy of the Registration Statement or, if a signed copy is not available, one conformed copy of the Registration Statement certified by an officer of FPL to be in the form as originally filed, including all Incorporated Documents and exhibits, except those incorporated by reference, which relate to the Bonds, including a signed or conformed copy of each consent and certificate included therein or filed as an exhibit thereto. As soon as practicable after the date of this agreement, FPL will deliver to the Underwriters through the Representatives as many copies of the Prospectus as the Representatives may reasonably request for the purposes contemplated by the Securities Act.

(c) FPL will pay or cause to be paid all expenses in connection with (i) the preparation and filing of the Registration Statement and Prospectus, (ii) the issuance and delivery of the Bonds as provided in Section 5 hereof, (iii) the preparation, execution, filing and recording of the Supplemental Indenture and (iv) the printing and delivery to the Representatives for the account of the Underwriters, in reasonable quantities, of copies of the Registration Statement, the Prospectus and the Supplemental Indenture. FPL will pay or cause to be paid all taxes, if any (but not including any transfer taxes), on the issuance of the Bonds and recordation of the Supplemental Indenture. FPL shall not, however, be required to pay any amount for any expenses of the Representatives or any of the Underwriters, except as provided in Sections 7 and 8 hereof and except that if this agreement shall be terminated in accordance with the provisions of Sections 7, 8 or 10 hereof, FPL will pay the fees and disbursements of Counsel for the Underwriters, whose fees and disbursements the Underwriters agree to pay in any other event. FPL shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits.

(d) During a period of nine months after the date of this agreement, if any event relating to or affecting FPL shall occur which, in the opinion of FPL, should be set forth in a supplement to or an amendment of the Prospectus in order to make the Prospectus not misleading in light of the circumstances when it is delivered to a purchaser, FPL will forthwith at its expense prepare and furnish to the Representatives a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Prospectus which will supplement or amend the Prospectus so that as supplemented or amended it will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances when the Prospectus is delivered to a purchaser, not misleading; provided that should such event relate solely to activities of any of the Underwriters, then the Underwriters shall assume the expense of preparing and furnishing copies of any such amendment or supplement. In case any Underwriter is required to deliver a Prospectus after the expiration of nine months after the date of this agreement, FPL upon the request of the Representatives will furnish to the Representatives, at the expense of such Underwriter, a reasonable quantity of a supplemented or amended

Prospectus or supplements or amendments to the Prospectus complying with Section 10 of the Securities Act.

(e) FPL will furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Bonds for offer and sale under the blue sky laws of such jurisdictions as the Representatives may designate and will pay or cause to be paid filing fees and expenses (including fees and expenses of counsel) in the aggregate not exceeding $5,000, provided that FPL shall not be required to qualify as a foreign corporation or dealer in securities, or to file any consents to service of process under the laws of any jurisdiction, or to meet other requirements deemed by FPL to be unduly burdensome.

(f) FPL will timely file such reports pursuant to the Exchange Act as are necessary in order to make generally available to its security holders (including holders of the Bonds) as soon as practicable an earnings statement (which need not be audited, unless required so to be under Section 11(a) of the Securities Act) for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the Securities Act.

(g) FPL will advise the Representatives promptly of the filing of the Prospectus pursuant to Rule 424 and of any amendment or supplement to the Prospectus or Registration Statement or, prior to the termination of the offering of the Bonds hereunder, of official notice of the institution of proceedings for, or the entry of, a stop order suspending the effectiveness of the Registration Statement and, if such a stop order should be entered, use every commercially reasonable effort to obtain the prompt removal thereof.

(h) On or before the Closing Date, FPL will, if applicable, cause (i) at least one counterpart of the Supplemental Indenture to be duly recorded in the States of Florida or Georgia and (ii) all intangible and documentary stamp taxes due in connection with the issuance of the Bonds and the recording of the Supplemental Indenture to be paid. Within 30 days following the Closing Date, FPL will, if applicable, cause the Supplemental Indenture to be duly recorded in all other counties in which property of FPL is located.

7. Conditions of Underwriters' Obligations to Purchase and Pay for the Bonds. The several obligations of the Underwriters to purchase and pay for the Bonds shall be subject to the performance by FPL of its obligations to be performed hereunder on or prior to the Closing Date and to the following conditions:

(a) The representations and warranties made by FPL herein shall be true and correct in all material respects as of the Closing Date as if made on and as of such date and the Representatives shall have received, prior to payment for the Bonds, a certificate from FPL dated the Closing Date and signed by an officer of FPL to that effect.

(b) No stop order suspending the effectiveness of the Registration Statement shall be in effect on the Closing Date; no order of the Commission directed to the adequacy of any Incorporated Document shall be in effect on the Closing Date; no

proceedings for either such purpose shall be pending before, or threatened by, the Commission on such date; and the Representatives shall have received, prior to payment for the Bonds, a certificate from FPL dated the Closing Date and signed by an officer of FPL to the effect that, to the best of his or her knowledge, no such order is in effect and no proceedings for either such purpose are pending before, or to the knowledge of FPL threatened by, the Commission.

(c) On the Closing Date, there shall be in full force and effect an authorization of the Florida Public Service Commission with respect to the issuance and sale of the Bonds on the terms herein stated or contemplated, and containing no provision unacceptable to the Representatives by reason of the fact that it is materially adverse to FPL, it being understood that no authorization provided to Counsel for the Underwriters and in effect at the date of this agreement contains any such unacceptable provision.

(d) On the Closing Date, the Representatives shall have received from Steel Hector & Davis LLP, counsel to FPL, Thelen Reid & Priest LLP, co-counsel to FPL, and Hunton & Williams, Counsel for the Underwriters, opinions (with a copy for each of the Underwriters) in substantially the form and substance prescribed in Schedules III, IV and V hereto (i) with such changes therein as may be agreed upon by FPL and the Representatives, with the approval of Counsel for the Underwriters, and (ii) if the Prospectus relating to the Bonds shall be supplemented or amended after the Prospectus shall have been filed with the Commission pursuant to Rule 424, with any changes therein necessary to reflect such supplementation or amendment.

(e) At the Closing Date, the Representatives shall have received from Deloitte & Touche LLP a letter (with copies thereof for each of the Underwriters) to the effect that (i) they are independent public accountants with respect to FPL within the meaning of the Securities Act and the Exchange Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the consolidated financial statements audited by them and incorporated by reference in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder; (iii) on the basis of performing a review of interim financial information as described in Statement on Auditing Standards No. 71, Interim Financial Information, on the unaudited condensed consolidated financial statements of FPL incorporated by reference in the Prospectus, a reading of the latest available interim unaudited consolidated financial statements of FPL since the close of FPL's most recent audited fiscal year, the minutes and consents of the Board of Directors, the Finance Committee of the Board of Directors, the Stock Issuance Committee of the Board of Directors, and the sole common shareholder of FPL since the end of the most recent audited fiscal year, and inquiries of officials of FPL who have responsibility for financial and accounting matters (it being understood that the foregoing procedures do not constitute an audit made in accordance with generally accepted auditing standards and they would not necessarily reveal matters of significance with respect to the comments made in such letter, and accordingly that Deloitte & Touche LLP makes no representation as to the sufficiency of such procedures for the several Underwriters' purposes), nothing has come to their attention which caused them to believe that (a) the unaudited condensed consolidated financial statements of FPL incorporated by reference

in the Prospectus (1) do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the published rules and regulations thereunder and (2) except as disclosed in the Prospectus, are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of FPL incorporated by reference in the Prospectus, (b) at the date of the latest available interim balance sheet read by them and at a specified date not more than five days prior to the Closing Date there was any change in the common stock or additional paid-in capital, increase in the preferred stock or long-term debt of FPL and its subsidiaries, or decrease in its shareholders' equity, in each case as compared with amounts shown in the most recent consolidated balance sheet incorporated by reference in the Prospectus, except in all instances for changes, increases or decreases which the Prospectus discloses have occurred or may occur, or as occasioned by the declaration, provision for, or payment of dividends, or which are described in such letter, or (c) for the period from the date of the most recent condensed consolidated balance sheet incorporated by reference in the Prospectus to the latest available interim balance sheet read by them and for the period from the date of the latest available interim balance sheet read by them to a specified date not more than five days prior to the Closing Date, there were any decreases, as compared with the corresponding period in the preceding year, in total consolidated operating revenues or in net income or net income available to FPL Group, Inc., except in all instances for decreases which the Prospectus discloses have occurred or may occur, or which are described in such letter; and (iv) they have carried out certain procedures and made certain findings, as specified in such letter, with respect to certain amounts included in the Prospectus and Exhibit 12 to the Registration Statement and such other items as the Representatives may reasonably request.

(f) Since the respective most recent dates as of which information is given in the Registration Statement and Prospectus, and up to the Closing Date, (i) there shall have been no material adverse change in the business, properties or financial condition of FPL, except as disclosed in or contemplated by the Registration Statement and Prospectus, and (ii) there shall have been no material transaction entered into by FPL other than transactions disclosed in or contemplated by the Registration Statement and the Prospectus, and transactions in the ordinary course of business; and at the Closing Date, the Representatives shall have received a certificate to such effect from FPL signed by an officer of FPL.

(g) All legal proceedings to be taken in connection with the issuance and sale of the Bonds shall have been satisfactory in form and substance to Counsel for the Underwriters.

In case any of the conditions specified above in this Section 7 shall not have been fulfilled, this agreement may be terminated by the Representatives upon mailing or delivering written notice thereof to FPL. Any such termination shall be without liability of any party to any other party except as otherwise provided in subsections (c) and (e) of Section 6 hereof and except that in the event of such termination by the Representatives, FPL shall reimburse the Underwriters for out-of-pocket expenses reasonably incurred by them in connection with the transactions contemplated by this agreement, not in excess, however, of an aggregate of $5,000.

8. Condition of FPL's Obligations. The obligation of FPL to deliver the Bonds shall be subject to the following conditions:

(a) No stop order suspending the effectiveness of the Registration Statement shall be in effect on the Closing Date; no order of the Commission directed to the adequacy of any Incorporated Document shall be in effect on the Closing Date, and no proceedings for either such purpose shall be pending before, or threatened by, the Commission on such date.

(b) On the Closing Date there shall be in full force and effect an authorization of the Florida Public Service Commission with respect to the issuance and sale of the Bonds on the terms herein stated or contemplated, and containing no provision unacceptable to FPL by reason of the fact that it is materially adverse to FPL, it being understood that no authorization in effect at the date of this agreement contains any such unacceptable provision.

In case the conditions specified above in this Section 8 shall not have been fulfilled, this agreement may be terminated by FPL upon mailing or delivering written notice thereof to the Representatives. Any such termination shall be without liability of any party to any other party except as otherwise provided in subsections (c) and (e) of Section 6 hereof and except that in the event of such termination by FPL, FPL shall reimburse the Underwriters for out-of-pocket expenses reasonably incurred by them in connection with the transactions contemplated by this agreement, not in excess, however, of an aggregate of $5,000.

9. Indemnification.

(a) FPL agrees to indemnify and hold harmless each Underwriter, each officer and director of each Underwriter and each person who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law and to reimburse each such Underwriter, officer, director and controlling person for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) when and as incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, including all Incorporated Documents, or in the Registration Statement or the Prospectus, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the indemnity agreement contained in this subsection (a) of Section 9 shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission was made in reliance upon and in conformity with information furnished in writing, to FPL by or on behalf of any Underwriter, through the Representatives, expressly for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof, or arising out of, or based upon, statements

in or omissions from the Statement of Eligibility on Form T-1 of the Mortgage Trustee; and provided, further, that the indemnity agreement contained in this subsection (a) of Section 9 in respect of any preliminary prospectus (and for purposes of clause (ii) below, the Prospectus) shall not inure to the benefit of any Underwriter (or of any person controlling such Underwriter) on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of the Bonds of either series to any person if such Underwriter shall have failed to send or give to such person (i) with or prior to the written confirmation of such sale, a copy of the Prospectus or the Prospectus as amended or supplemented, if any amendments or supplements thereto shall have been furnished at or prior to the time of written confirmation of the sale involved, but exclusive of any Incorporated Documents, unless the alleged omission or alleged untrue statement with respect to such preliminary prospectus is not corrected in the Prospectus or the Prospectus as amended or supplemented at the time of confirmation, or (ii) with or prior to the delivery of such Bonds to such person, a copy of any amendment or supplement to the Prospectus which shall have been furnished subsequent to such written confirmation and prior to the delivery of such Bonds to such person, but exclusive of any Incorporated Documents, unless the alleged omission or alleged untrue statement with respect to such preliminary prospectus or the Prospectus was not corrected in the Prospectus or in such amendment or supplement at the time of such delivery of such Bonds. The indemnity agreement of FPL contained in this subsection (a) of Section 9 and the representations and warranties of FPL contained in Section 3 hereof shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, officer, director or any such controlling person, and shall survive the delivery of the Bonds of each series. The Underwriters agree promptly to notify FPL, and each other Underwriter, of the commencement of any litigation or proceedings against them or any of them or any such officer, director or controlling person in connection with the issuance and sale of the Bonds of either series

(b) Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless FPL, its officers and directors, and each person who controls FPL within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law and to reimburse each of them for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) when and as incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon and in conformity with information furnished in writing, to FPL by or on behalf of such Underwriter, through the Representatives, expressly for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement to either thereof. The Underwriters hereby furnish to FPL in writing expressly for use in the Registration Statement and Prospectus (1) the "price to the public" set forth on the cover page of the

Prospectus and (2) under "Underwriting": the entire third paragraph, except for the first sentence, and the following table; the entire fourth paragraph; the second sentence in the fifth paragraph; the entire sixth, seventh and eighth paragraphs; and the entire tenth paragraph. FPL acknowledges that the statements set forth in the preceding sentence constitute the only information furnished in writing by or on behalf of the several Underwriters expressly for inclusion in any preliminary prospectus or the Prospectus. The indemnity agreement of the respective Underwriters contained in this subsection (b) of Section 9 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of FPL or any of its officers or directors or any such other Underwriter or any such controlling person, and shall survive the delivery of the Bonds of each series. FPL agrees promptly to notify the Representatives of the commencement of any litigation or proceedings against FPL (or any controlling person thereof) or any of its officers or directors in connection with the issuance and sale of the Bonds of either series.

(c) FPL and the several Underwriters each agree that, upon the receipt of notice of the commencement of any action against it, its officers and directors, or any person controlling it as aforesaid, in respect of which indemnity or contribution may be sought under the provisions of this Section 9, it will promptly give written notice of the commencement thereof to the party or parties against whom indemnity or contribution shall be sought thereunder, but the omission so to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability which it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party or parties shall be entitled to participate at its own expense in the defense or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and reasonably satisfactory to the indemnified party or parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the indemnifying party shall elect not to assume the defense of such action, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest in the representation by such counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the indemnifying party or parties, to participate in the defense of such action on behalf of such indemnified party or parties at the expense of the indemnifying party or parties (it being understood, however, that the indemnifying party or parties shall not be liable for the expenses of more than one separate counsel representing the indemnified parties who are parties to such action). FPL and the several Underwriters each agree that without the prior written consent of the other parties to such action who are parties to this agreement, which consent shall not be unreasonably withheld, it will not settle, compromise or consent to the entry of any judgment in any claim or proceeding in respect of which such party intends to seek indemnity or contribution under the provisions of this Section 9, unless such settlement,

compromise or consent (i) includes an unconditional release of such other parties from all liability arising out of such claim or proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such other parties.

(d) If, or to the extent, the indemnification provided for in subsections (a) or (b) above shall be unenforceable under applicable law by an indemnified party, each indemnifying party agrees to contribute to such indemnified party with respect to any and all losses, claims, damages, liabilities and expenses for which each such indemnification provided for in subsections (a) or (b) above shall be unenforceable, in such proportion as shall be appropriate to reflect (i) the relative fault of FPL on the one hand and the Underwriters on the other in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses, (ii) the relative benefits received by FPL on the one hand and the Underwriters on the other hand from the offering of the Bonds pursuant to this agreement, and (iii) any other relevant equitable considerations; provided, however, that no indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution with respect thereto from any indemnifying party not guilty of such fraudulent misrepresentation. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by FPL or the Underwriters and each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. FPL and each of the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute in excess of the amount equal to the excess of (i) the total price at which the Bonds underwritten by it were offered to the public, over (ii) the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission. The obligations of each Underwriter to contribute pursuant to this subsection (d) are several and not joint and shall be in the same proportion as such Underwriter's obligation to underwrite the Bonds of the series with respect to which contribution is sought is to the total principal amount of the Bonds of such series set forth in Schedule II hereto.

10. Termination. This agreement may be terminated by the Representatives by delivering written notice thereof to FPL, at any time prior to the Closing Date if after the date hereof and at or prior to the Closing Date:

(a) (i) there shall have occurred any general suspension of trading in securities on The New York Stock Exchange, Inc. (the "NYSE") or there shall have been established by the NYSE or by the Commission or by any federal or state agency or by the decision of any court any limitation on prices for such trading or any general restrictions on the distribution of securities, or trading in any securities of FPL shall have been suspended or limited by any exchange located in the United States or on the over-

the-counter market located in the United States or a general banking moratorium declared by New York or federal authorities or (ii) there shall have occurred any material adverse change in the financial markets in the United States, any outbreak of hostilities, including, but not limited to, an escalation of hostilities which existed prior to the date of this agreement, any other national or international calamity or crisis or any material adverse change in financial, political or economic conditions affecting the United States, the effect of any such event specified in this clause (ii) being such as to make it, in the reasonable judgment of the Representatives, impracticable or inadvisable to proceed with the offering of the Bonds as contemplated in the Prospectus or for the Underwriters to enforce contracts for the sale of the Bonds of either series; or

(b) (i) there shall have been any downgrading or any notice of any intended or potential downgrading in the ratings accorded to the Bonds of either series or any securities of FPL which are of the same class as the Bonds by either Moody's Investor Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc. ("S&P"), or (ii) either Moody's or S&P shall have publicly announced that either has under surveillance or review, with possible negative implications, its ratings of the Bonds of either series or any securities of FPL which are of the same class as the Bonds, the effect of any such event specified in (i) or (ii) above being such as to make it, in the reasonable judgment of the Representatives, impracticable or inadvisable to proceed with the offering of the Bonds as contemplated in the Prospectus or for the Underwriters to enforce contracts for the sale of the Bonds of either series.

This agreement may also be terminated at any time prior to the Closing Date if in the judgment of the Representatives the subject matter of any amendment or supplement to the Registration Statement or the Prospectus prepared and furnished by FPL after the date hereof reflects a material adverse change in the business, properties or financial condition of FPL which renders it either inadvisable to proceed with such offering, if any, or inadvisable to proceed with the delivery of the Bonds of either series to be purchased hereunder. Any termination of this agreement pursuant to this Section 10 shall be without liability of any party to any other party except as otherwise provided in subsections (c) and (e) of Section 6 hereof.

11. Miscellaneous. The validity and interpretation of this agreement shall be governed by the laws of the State of New York. This agreement shall inure to the benefit of FPL, the several Underwriters and, with respect to the provisions of Section 9 hereof, each officer, director or controlling person referred to in said Section 9, and their respective successors. Nothing in this agreement is intended or shall be construed to give to any other person or entity any legal or equitable right, remedy or claim under or in respect of this agreement or any provision herein contained. The term "successors" as used in this agreement shall not include any purchaser, as such purchaser, of any Bonds from any of the several Underwriters.

12. Notices. All communications hereunder shall be in writing or by telegram and, if to the Underwriters, shall be mailed or delivered to the Representatives at the address set forth in Schedule I hereto, or if to FPL, shall be mailed or delivered to it at 700 Universe Boulevard, Juno Beach, Florida 33408, Attention: Treasurer.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,

Florida Power & Light Company

By: _____
Name: Paul I. Cutler
Title: Assistant Treasurer and
Assistant Secretary

Accepted and delivered as of
the date first above written:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Salomon Smith Barney Inc.

By: _____
Name:
Title:

Acting on their own behalf and on behalf of the other several Underwriters referred to in the foregoing agreement.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,

Florida Power & Light Company

By: _____
Name: Paul I. Cutler
Title: Assistant Treasurer and
Assistant Secretary

Accepted and delivered as of
the date first above written:

J.P. Morgan Securities Inc.

By: _____
Name: Peter Madonia
Title: Managing Director

Salomon Smith Barney Inc.

By: _____
Name:
Title:

Acting on their own behalf and on behalf of the other several Underwriters referred to in the foregoing agreement.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,

Florida Power & Light Company

By: _____
Name: Paul I. Cutler
Title: Assistant Treasurer and
Assistant Secretary

Accepted and delivered as of
the date first above written:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Salomon Smith Barney Inc.

By: _____
Name: Howard Hiller
Title: Managing Director

Acting on their own behalf and on behalf of the other several Underwriters referred to in the foregoing agreement.

SCHEDULE I

Underwriting Agreement dated December 10, 2002
Registration Statement No. 333-58630 and Registration Statement No. 333-101720
Representatives and Addresses:

J.P. Morgan Securities Inc.
Salomon Smith Barney Inc.
Banc of America Securities LLC
Wachovia Securities, Inc.
Banc One Capital Markets, Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
SunTrust Capital Markets, Inc.

Bonds:

Designation:	First Mortgage Bonds, 4.85% Series due February 1, 2013
Principal Amount:	$400,000,000
Date of Maturity:	February 1, 2013
Interest Rate:	4.85%
Purchase Price:	$397,400,000
Underwriting Discount:	0.650%
Price to the Public:	$400,000,000
Dealers' Concession:	0.400%

Designation:	First Mortgage Bonds, 5.85% Series due February 1, 2033
Principal Amount:	$200,000,000
Date of Maturity:	February 1, 2033
Interest Rate:	5.85%
Purchase Price:	$197,788,000
Underwriting Discount:	0.875%
Price to the Public:	$199,538,000
Dealers' Concession:	0.500%

Closing Date, Time and Location:	December 13, 2002 at the offices of Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York at 10:00 A.M.

SCHEDULE II

Underwriter	Principal Amount of 4.85% Bonds	Principal Amount of 5.85% Bonds
J.P. Morgan Securities Inc.	$140,000,000	$70,000,000
Salomon Smith Barney Inc.	140,000,000	70,000,000
Banc of America Securities LLC	36,000,000	18,000,000
Wachovia Securities, Inc.	36,000,000	18,000,000
Banc One Capital Markets, Inc.	16,000,000	8,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	16,000,000	8,000,000
SunTrust Capital Markets, Inc.	16,000,000	8,000,000
Total	$400,000,000	$200,000,000

SCHEDULE III

[LETTERHEAD OF STEEL HECTOR & DAVIS LLP]

December 13, 2002

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

as Representatives of the Underwriters
named in Schedule II to the Agreement,
as herein described

Ladies and Gentlemen:

We have acted as counsel for Florida Power & Light Company ("FPL") (a) in connection with the authorization and issuance by FPL of $400,000,000 principal amount of First Mortgage Bonds, 4.85% Series due February 1, 2013 and $200,000,000 principal amount of First Mortgage Bonds, 5.85% Series due February 1, 2033 (collectively, the "Bonds"), issued under the Mortgage and Deed of Trust dated as of January 1, 1944, as the same is supplemented by one hundred and two indentures supplemental thereto, the latest of which (the "One Hundred Second Supplemental Indenture") is dated as of December 1, 2002 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the underwriting agreement dated December 10, 2002, between you and FPL (the "Agreement"). Capitalized terms used in this opinion but not defined shall have the meanings set forth in the Agreement.

We have participated in the preparation of or reviewed (1) Registration Statement No. 333-58630 which became effective on April 18, 2001, which registration statement was filed by FPL with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) Registration Statement No. 333-101720, which became effective on December 9, 2002, which registration statement was also filed by FPL with the Commission under the Securities Act (references herein to the term "Registration Statement" as of any given date shall mean Registration Statement No. 333-58630 and Registration Statement No. 333-101720, each as amended and supplemented to such date, including those documents incorporated by reference therein as of such date pursuant to Item 12 of Form S-3 under the Securities Act (the "Incorporated Documents")); (3) the prospectus dated

April 18, 2001 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 10, 2002 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act ("Rule 424" and references herein to the "Prospectus" as of any given date shall refer to such prospectus, as supplemented by the prospectus supplement relating to the Bonds filed pursuant to Rule 424, and as further amended and supplemented to such date, including the Incorporated Documents); (4) the Mortgage; (5) the corporate proceedings with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; (6) FPL's Restated Articles of Incorporation, as amended to the date hereof (the "Charter"), and Bylaws, as amended to the date hereof (the "Bylaws"); and (7) such other corporate records, certificates and other documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion. We have also participated in the preparation of FPL's Application to the Florida Public Service Commission ("FPSC") for the authorization of, among other things, the issuance and sale of debt securities in 2002, including the Bonds.

Upon the basis of the foregoing, we advise you that:

I.

FPL is a validly organized and existing corporation and is in good standing under the laws of the State of Florida and has valid franchises, licenses and permits adequate for the conduct of its business.

II.

FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Prospectus; FPL is subject, as to retail rates and services, issuance of securities, accounting and certain other matters, to the jurisdiction of the FPSC; and FPL is subject, as to wholesale rates, accounting and certain other matters, to the jurisdiction of the Federal Energy Regulatory Commission.

III.

The Mortgage has been duly authorized by FPL by all necessary corporate action, has been duly and validly executed and delivered by FPL, and is a valid and binding obligation of FPL enforceable in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

IV.

The Bonds of each series are valid and binding obligations of FPL enforceable in accordance with their respective terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity, and are entitled to the benefit of the security afforded by the Mortgage.

V.

Except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion, and except for those parts of the Registration Statement that constitute the Statement of Eligibility on Form T-1, as to which we express no opinion, Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, Registration Statement No. 333-101720, at the time it became effective, and the Prospectus, at the 424 Date, complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder. The Incorporated Documents (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable instructions, rules and regulations of the Commission thereunder. The Registration Statement became, and is, at the date hereof, effective under the Securities Act, and to the best of our knowledge, no proceedings for a stop order with respect thereto are pending or threatened under Section 8 of the Securities Act.

VI.

The consummation of the transactions contemplated in the Agreement and the fulfillment of the terms contained in the Agreement and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or the Bylaws or any indenture, mortgage, deed of trust or other agreement or instrument the terms of which are known to us to which FPL is now a party, except where such breach or default would not have a material adverse effect on the business, properties or financial condition of FPL.

VII.

The Bonds are being issued and sold pursuant to the authority contained in an order of the FPSC, which authority is adequate to permit the issuance and sale of the Bonds. To the best of our knowledge, said authorization is still in full force and effect, and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction as to which we express no opinion, and other than those which have been already obtained) is legally required for the authorization of the issuance and sale of the Bonds.

VIII.

The statements made in the Prospectus under the headings "Description of the Bonds" and "Certain Terms of the Offered Bonds," insofar as they purport to constitute summaries of the terms of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

IX.

The Mortgage is duly qualified under the Trust Indenture Act of 1939, as amended.

X.

The Agreement has been duly and validly authorized, executed and delivered by FPL.

XI.

As to the Mortgaged and Pledged Property, as defined in the Mortgage, FPL has satisfactory title to any easements and personal properties, and good and marketable or insurable title in fee simple to any other real properties (except as FPL's interest is stated to be otherwise), subject only to Excepted Encumbrances, as defined in the Mortgage, to any lien, if any, existing or placed thereon at the time of acquisition thereof by FPL, to minor defects and encumbrances customarily found in the case of properties of like size and character and which, in our opinion, would not impair the use thereof by FPL (all of which title exceptions, encumbrances, liens and defects are hereinafter referred to as "Exceptions"), and to the lien of the Mortgage; the Mortgage constitutes a valid, direct, and first mortgage lien upon the Mortgaged and Pledged Property now owned by FPL, subject, however, to the Exceptions and as set forth in the last sentence of this paragraph; and the description of properties in the Mortgage is adequate to constitute the Mortgage a lien on Mortgaged and Pledged Property hereafter acquired by FPL, subject, however, to the Exceptions and except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. The One Hundred Second Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the One Hundred Second Supplemental Indenture will constitute adequate record notice to perfect the lien of the Mortgage as to all Mortgaged and Pledged Property acquired by FPL subsequent to the recording of the One Hundred First Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Second Supplemental Indenture.

XII.

Except as stated or referred to in the Prospectus, there is no material pending legal proceeding to which FPL is a party or of which property of FPL is the subject which is reasonably likely to be determined adversely and, if determined adversely, might reasonably be expected to have a material adverse effect on FPL and, to the best of our knowledge, no such proceeding is known to be contemplated by governmental authorities.

In rendering the foregoing opinion, we have assumed that the certificates representing the Bonds will conform to specimens examined by us and that the Bonds will be duly authenticated by the Mortgage Trustee under the Mortgage and will be delivered against payment of the purchase price as provided in the Agreement and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

Other than with respect to the opinion expressed in Paragraph VIII hereof, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to matters in the Registration Statement or the Prospectus. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its legal counsel, its independent public accountants and your representatives.

Additionally, as counsel to FPL, we have responsibility for certain of its legal matters. On the basis of such consideration, review and discussion, but without independent check or verification except as stated, nothing has come to our attention that would lead us to believe (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no belief, and except for those parts of the Registration Statement that constitute the Statement of Eligibility on Form T-1, as to which we express no belief), that Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, or Registration Statement No. 333-101720, at the time it became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (except as aforesaid) that the Prospectus at the 424 Date included, or at the date hereof includes, any untrue statement of a material fact or the Prospectus at the 424 Date omitted, or at the date hereof omits, to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are members of the Florida Bar and do not hold ourselves out as experts on the laws of New York or Georgia, and accordingly, this opinion is limited to the laws of Florida and the federal laws of the United States insofar as they bear on the matters covered hereby. As to all matters of New York law, we have relied, with your consent, upon an opinion of even date herewith addressed to you by Thelen Reid & Priest LLP, New York, New York. As to all matters of law affecting Mortgaged and Pledged Property located in the State of Georgia, we have relied, with your consent, upon an opinion of even date herewith addressed to you and us by McDaniel & Haugaard, P.C., Decatur, Georgia. As to all matters of Florida law, Thelen Reid & Priest LLP and Hunton & Williams are hereby authorized to rely upon this opinion as though it were rendered to each of them.

This opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon or furnished to any other person, firm or corporation without our prior written permission. This opinion is expressed as of the date hereof, and we do not assume any obligation to update or supplement it to reflect any fact or circumstance that hereafter comes to our attention, or any change in law that hereafter occurs.

Very truly yours,

STEEL HECTOR & DAVIS LLP

SCHEDULE IV

[LETTERHEAD OF THELEN REID & PRIEST LLP]

December 13, 2002

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

as Representatives of the Underwriters
named in Schedule II to the Agreement,
as herein described

Ladies and Gentlemen:

We have acted as special counsel for Florida Power & Light Company ("FPL") (a) in connection with the authorization and issuance by FPL of $400,000,000 principal amount of First Mortgage Bonds, 4.85% Series due February 1, 2013 and $200,000,000 principal amount of First Mortgage Bonds, 5.85% Series due February 1, 2033 (collectively, the "Bonds"), issued under the Mortgage and Deed of Trust dated as of January 1, 1944, as the same is supplemented by one hundred and two indentures supplemental thereto, the latest of which (the "One Hundred Second Supplemental Indenture") is dated as of December 1, 2002 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the underwriting agreement dated December 10, 2002, between you and FPL (the "Agreement"). Capitalized terms used in this opinion but not defined shall have the meanings set forth in the Agreement.

We have participated in the preparation of or reviewed (1) Registration Statement No. 333-58630 which became effective on April 18, 2001, which registration statement was filed by FPL with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) Registration Statement No. 333-101720, which became effective December 9, 2002, which registration statement was also filed by FPL with the Commission under the Securities Act (references herein to the term "Registration Statement" as of any given date shall mean Registration Statement No. 333-58630 and Registration Statement No. 333-101720, each as amended and supplemented to such date, including those documents incorporated by reference therein as of such date pursuant to Item 12 of Form S-3 under the Securities Act (the "Incorporated Documents")); (3) the prospectus dated

April 18, 2001 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 10, 2002 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act ("Rule 424" and references herein to the "Prospectus" as of any given date shall refer to such prospectus, as supplemented by the prospectus supplement relating to the Bonds filed pursuant to Rule 424, and as further amended and supplemented to such date, including the Incorporated Documents); (4) the Mortgage; (5) the corporate proceedings with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; (6) FPL's Restated Articles of Incorporation, as amended to the date hereof (the "Charter"), and Bylaws, as amended to the date hereof (the "Bylaws"); and (7) such other corporate records, certificates and other documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion. We have also participated in the preparation of FPL's Application to the Florida Public Service Commission ("FPSC") for the authorization of, among other things, the issuance and sale of debt securities in 2002, including the Bonds.

Upon the basis of the foregoing, we advise you that:

I.

The Mortgage has been duly authorized by FPL by all necessary corporate action, has been duly and validly executed and delivered by FPL, and is a valid and binding obligation of FPL enforceable in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

II.

The Bonds of each series are valid and binding obligations of FPL enforceable in accordance with their respective terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity, and are entitled to the benefit of the security afforded by the Mortgage.

III.

Except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion, and except for those parts of the Registration Statement that constitute the Statement of Eligibility on Form T-1, as to which we express no opinion, Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, Registration Statement No. 333-101720, at the time it became effective, and the Prospectus, at the 424 Date, complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder. The Incorporated Documents (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange

Act"), and the applicable instructions, rules and regulations of the Commission thereunder. The Registration Statement became, and is, at the date hereof, effective under the Securities Act, and to the best of our knowledge, no proceedings for a stop order with respect thereto are pending or threatened under Section 8 of the Securities Act.

IV.

The consummation of the transactions contemplated in the Agreement and the fulfillment of the terms contained in the Agreement and the compliance by FPL with all the terms and provisions of the Mortgage will not result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or the Bylaws or any indenture, mortgage, deed of trust or other agreement or instrument the terms of which are known to us to which FPL is now a party, except where such breach or default would not have a material adverse effect on the business, properties or financial condition of FPL.

V.

The Bonds are being issued and sold pursuant to the authority contained in an order of the FPSC, which authority is adequate to permit the issuance and sale of the Bonds. To the best of our knowledge, said authorization is still in full force and effect, and no further approval, authorization, consent or order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction as to which we express no opinion, and other than those which have been already obtained) is legally required for the authorization of the issuance and sale of the Bonds.

VI.

The statements made in the Prospectus under the headings "Description of the Bonds" and "Certain Terms of the Offered Bonds," insofar as they purport to constitute summaries of the terms of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

VII.

The Mortgage is duly qualified under the Trust Indenture Act of 1939, as amended.

VIII.

The Agreement has been duly and validly authorized, executed and delivered by FPL.

In rendering the foregoing opinion, we have assumed that the certificates representing the Bonds will conform to specimens examined by us and that the Bonds will be duly authenticated by the Mortgage Trustee under the Mortgage and will be delivered against payment of the purchase price as provided in the Agreement and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

Other than with respect to the opinion expressed in Paragraph VI hereof, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information

furnished with respect to matters in the Registration Statement or the Prospectus. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its legal counsel, its independent public accountants and your representatives. On the basis of such consideration, review and discussion, but without independent check or verification except as stated, nothing has come to our attention that would lead us to believe (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no belief, and except for those parts of the Registration Statement that constitute the Statement of Eligibility on Form T-1, as to which we express no belief), that Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, or Registration Statement No. 333-101720, at the time it became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (except as aforesaid) that the Prospectus at the 424 Date included, or at the date hereof includes, any untrue statement of a material fact or the Prospectus at the 424 Date omitted, or at the date hereof omits, to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of Florida. We do not pass upon matters governed by Florida law, including without limitation the incorporation of FPL, titles to property, franchises or the lien of the Mortgage. As to all matters of Florida law, we have relied, with your consent, upon an opinion of even date herewith addressed to you by Steel Hector & Davis LLP, Miami, Florida. As to all matters of New York law, Steel Hector & Davis LLP is hereby authorized to rely upon this opinion as though it were rendered to Steel Hector & Davis LLP.

This opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon or furnished to any other person, firm or corporation without our prior written permission. This opinion is expressed as of the date hereof, and we do not assume any obligation to update or supplement it to reflect any fact or circumstance that hereafter comes to our attention, or any change in law that hereafter occurs.

Very truly yours,

THELEN REID & PRIEST LLP

SCHEDULE V

[LETTERHEAD OF HUNTON & WILLIAMS]

December 13, 2002

J.P. Morgan Securities Inc.
270 Park Avenue
New York, New York 10017

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

as Representatives of the Underwriters
named in Schedule II to the Underwriting
Agreement, as herein described

Ladies and Gentlemen:

We have acted as your counsel in connection with your several purchases from Florida Power & Light Company ("FPL") of $400,000,000 principal amount of First Mortgage Bonds, 4.85% Series due February 1, 2013 and $200,000,000 principal amount of First Mortgage Bonds, 5.85% Series due February 1, 2033 (collectively, the "Bonds"), issued under FPL's Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee, which has been amended and supplemented in the past and which will be supplemented again by one or more supplemental indentures relating to these Bonds (as so amended and supplemented, the "Mortgage"), pursuant to the Underwriting Agreement, dated December 10, 2002, between you and FPL (the "Agreement"). Capitalized terms used and not otherwise defined herein have the meaning ascribed to them in the Agreement.

In connection with the foregoing we have examined the following:

a) FPL's registration statements on Form S-3 (Registration Statement Nos. 333-58630 and 333-101720) relating to $500,000,000 aggregate principal amount and $100,000,000 aggregate principal amount, respectively, of First Mortgage Bonds filed with the Commission on April 10, 2001 and December 9, 2002, respectively (the "Registration Statements");

b) the prospectus dated April 18, 2001 (the "Prospectus") and the prospectus supplement dated December 10, 2002 (the "Prospectus Supplement"), filed

pursuant to Rule 424(b)(5) under the Securities Act of 1933, as amended (the "Securities Act");

c) the Restated Articles of Incorporation of FPL, as amended to date, and the Bylaws of FPL, as amended to date;

d) the unanimous consents of the Board of Directors of FPL dated October 21, 1991, May 15, 2000 and May 24, 2002 and the unanimous consents of the Finance Committee of the Board of Directors of FPL, dated April 3, 2001 and December 2, 2002, with respect to the offering of the Bonds, as certified by the Secretary of FPL on the date hereof;

e) the Agreement; and

f) the Mortgage.

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, agreements, certificates, corporate records, certificates of public officials and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

For purposes of the opinions expressed below, we have assumed without verification (i) the authenticity of all documents submitted to us as originals; (ii) the conformity to the originals of all documents submitted as certified or photostatic copies and the authenticity of the originals of such documents; (iii) the genuineness of signatures not witnessed by us; and (iv) the legal capacity of natural persons.

In rendering the following opinion, we have assumed that the certificates representing the Bonds will conform to specimens examined by us and that the Bonds will be duly authenticated by the Mortgage Trustee under the Mortgage and will be delivered against payment of the purchase price as provided in the Agreement.

As to factual matters, we have relied upon representations and warranties included in the Agreement and upon certificates of officers of FPL being delivered to you today pursuant to Section 7(a) of the Agreement, and upon certificates of public officials, without independent investigation. Whenever the phrase "to the best of our knowledge" or "has come to our attention" is used herein, it refers to the actual knowledge of the attorneys involved in this transaction, without independent investigation.

We do not purport to express an opinion on any laws other than the laws of the State of New York, the United States of America and, to the extent set forth herein, the laws of the State of Florida. As to all matters of Florida law, we have, with your consent, relied upon the opinion of even date herewith addressed to you by Steel Hector & Davis LLP, counsel for FPL. We express no opinion or belief as to the incorporation of FPL, titles to property, franchises or the lien of the Mortgage.

Based upon the foregoing and such other information and documents as we have considered necessary for the purposes hereof, we are of the opinion that:

I.

1. The Mortgage has been duly authorized by FPL by all necessary corporate action, has been duly and validly executed and delivered by FPL, and is a valid and binding obligation of FPL enforceable against FPL in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity.

2. The Bonds of each series are valid and binding obligations of FPL enforceable against FPL in accordance with their respective terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity, and are entitled to the benefit of the security afforded by the Mortgage.

3. The statements made in the Prospectus under the headings "Description of the Bonds" and "Certain Terms of the Offered Bonds," insofar as such statements purport to constitute summaries of the terms of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

4. The Registration Statements have become, and are, at the date hereof, effective under the Securities Act, and to the best of our knowledge, no proceedings for a stop order with respect thereto are pending or threatened under Section 8 of the Securities Act.

5. The Mortgage is duly qualified under the Trust Indenture Act of 1939, as amended.

6. The Agreement has been duly and validly authorized, executed and delivered by FPL.

II.

Other than with respect to the opinion expressed in paragraph 3 of Part I hereof, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to matters in the Registration Statements, the Prospectus or the Prospectus Supplement. We have, however, participated in the preparation of the Registration Statements, the Prospectus and the Prospectus Supplement. In this context, we have participated in various conferences with the officers and employees of FPL, certain of its legal counsel and its independent certified public accountants and your representatives. At those conferences, the contents of the Prospectus Supplement were discussed and revised. Since the dates of those conferences, we have inquired of certain officers whether there has been any material change in the affairs of FPL.

Except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion, and except for those parts of the Registration Statements that constitute the Statement of Eligibility on Form T-1, as to which we express no opinion, Registration Statement No. 333-58630, as amended or supplemented to the Effective Date, including all Incorporated Documents, Registration Statement No. 333-101720, at the time it became effective, and the Prospectus and the

Prospectus Supplement, each at the 424 Date, complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder. The Incorporated Documents (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no opinion), at the time they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable instructions, rules and regulations of the Commission thereunder.

Because of the inherent limitations in the independent verification of factual matters, and the character of determinations involved in the preparation of registration statements under the Securities Act, we are not passing upon, and do not assume any responsibility for, and make no representation that we have independently verified, the accuracy, completeness or fairness of the statements contained in the Registration Statements, the Prospectus or the Prospectus Supplement, except as specifically set forth in paragraph 3 of Part I of our opinion above. Also, we do not express any opinion or belief as to the financial statements or other financial or statistical information contained in the Registration Statements, Prospectus and Prospectus Supplement. However, subject to the foregoing, on the basis of our participation in the conferences referred to above and our examination of the documents referred to herein, we advise you that nothing has come to our attention that would lead us to believe (except as to the financial statements and other financial or statistical data contained or incorporated by reference therein, as to which we express no belief, and except for those parts of the Registration Statements that constitute the Statement of Eligibility on Form T-1, as to which we express no belief), that the Registration Statements, when each became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (except as aforesaid) that the Prospectus or the Prospectus Supplement at the 424 Date included, or at the date hereof includes, any untrue statement of a material fact or the Prospectus or the Prospectus Supplement at the 424 Date omitted, or at the date hereof omits, to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is furnished solely for your benefit, and it is not to be quoted, in whole or in part, or otherwise referred to, nor is it to be filed with any governmental agency or any other person, and no person or entity other than you shall be entitled to rely upon this opinion without our express written consent. This opinion is given as of the date hereof, and we assume no obligation to advise you after the date hereof of facts or circumstances that come to our attention or changes in law that occur which could affect the opinion contained herein.

Very truly yours,