Bryan S. Anderson, Esq.
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5253
(561) 691-7135 (Facsimile)

ORIGINAL

March 29, 2007

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VIA HAND DELIVERY

Ann Cole, Commission Clerk
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Florida Power & Light Company's Report of Consummation
Docket No. 050700-EI

Dear Ms. Cole:

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 2006, pursuant to Florida Statutes, Section 366.04 (Docket No. 050700-EI).

If there are questions regarding this transmittal, please contact me at (561) 304-5253.

CMP ____
COM ____
CTR ____
ECR 2
GCL 1
OPC ____
RCA ____
SCR ____
SGA ____
SEC ____
OTH ____

Sincerely,

R S. Anderson

Bryan S. Anderson

BSA/jp
Enclosures

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R. V. N.
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FPSC-COMMISSION CLERK

DOCKET NO. 050700-EI
ORDER NO. PSC-05-1154-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 2006

Address communications in connection with this Report of Consummation to:

Robert S. Schauer
Assistant Treasurer
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408
Telephone (561) 694-5089

Date: March 29, 2007

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF FLORIDA POWER & LIGHT COMPANY
FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING 2006

REPORT OF CONSUMMATION

In compliance with the requirements of Rule 25-8.009, Florida Administrative Code and Order No. PSC-05-1154-FOF-EI, issued by the Commission on November 18, 2005 in the above-captioned matter (Docket No. 050700-EI), the Applicant, Florida Power & Light Company ("FPL"), hereby submits its Report of Consummation regarding transactions involving (i) the issuance and sale of (a) $400,000,000 principal amount of First Mortgage Bonds, 5.65% Series due February 1, 2037 (the "5.65% Mortgage Bonds") under FPL's registration statement filed under the Securities Act of 1933, as amended (the "Securities Act"), (Registration Nos. 333-116300, 333-116300-01 and 333-116300-02 which became effective August 19, 2004) and (b) $300,000,000 principal amount of First Mortgage Bonds, 6.20% Series due June 1, 2036 ("6.20% Unregistered Mortgage Bonds") in a transaction exempt from the registration requirements of the Securities Act, (ii) the issuance of $300,000,000 principal amount of First Mortgage Bonds, 6.20% Series due June 1, 2036 ("6.20% Registered Mortgage Bonds") under FPL's registration statement filed under the Securities Act, (Registration No. 333-138818 which became effective November 29, 2006) in exchange for the 6.20% Unregistered Mortgage Bonds, (iii) the borrowing by FPL on May 16, 2006 of $250,000,000 under a 5-year term loan facility (the "Borrowing"), and (iv) the issuance and sale of commercial paper. The 6.20% Registered Mortgage Bonds together with 5.65% Mortgage Bonds and 6.20% Unregistered Mortgage Bonds, are referred to as the "Mortgage Bonds").

This Report of Consummation deals with the Mortgage Bonds, the Borrowing and the commercial paper. It provides the information required for submission by Rule 25-8.009 of the Florida Administrative Code as follows (all references to proceeds are before expenses):

(1) On January 18, 2006 (the closing date of the transaction), FPL sold through a negotiated underwritten sale, $400,000,000 principal amount of the 5.65% Mortgage Bonds. The proceeds received by FPL were $393,652,000 in cash covering principal less underwriting discount.

(2) On April 24, 2006 (the closing date of the transaction), FPL sold in a transaction exempt from the registration requirements of the Securities Act, $300,000,000 principal amount of the 6.20% Unregistered Mortgage Bonds. The proceeds received by FPL were $297,300,000 in cash covering principal less discounts to the initial purchasers.

(3) On May 10, 2006, FPL entered into a $250,000,000 5-year term loan facility expiring on May 10, 2011. Prior to May 10, 2010, FPL may borrow, repay and reborrow for general corporate purposes under the loan facility up to an aggregate principal amount of $250,000,000 at any one time outstanding, and each borrowing will have a maturity of not less than one year; provided that such borrowings may be prepaid at any time and from time to time. On May 16, 2006, FPL borrowed $250,000,000 under the loan facility. The loan is due on May 16, 2008, bears interest at a variable rate, and is subject to default provisions relating to failure to make required

payments, certain events in bankruptcy, insolvency or reorganization, and other covenants of FPL.

(4) On December 29, 2006 (the closing date of the transaction), FPL completed an exchange offer of $300,000,000 principal amount of the 6.20% Registered Mortgage Bonds for an equivalent principal amount of the 6.20% Unregistered Mortgage Bonds. FPL did not receive any cash proceeds from the issuance of the 6.20% Registered Mortgage Bonds. The issuance of the 6.20% Registered Mortgage Bonds satisfied FPL's obligations under a registration rights agreement with the initial purchasers of the 6.20% Unregistered Mortgage Bonds.

(5) FPL regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. During 2006, commercial paper was issued pursuant to Commercial Paper Dealer Agreements dated as of August 5, 2005 with each of J.P. Morgan Securities Inc., Merrill Lynch Money Markets Inc., and SunTrust Capital Markets, Inc. The commercial paper is sold at a discount, including the 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 2006 commercial paper activity can be summarized as follows:

2006 Commercial Paper Activity
($ in thousands)

Commercial paper issued:	$9,181,900
Commercial paper matured:	$9,872,400
Average outstanding:	$552,538
Weighted average yield:	4.8%
Weighted average term:	21 days

FPL's credit facility provides backup support for its commercial paper program. As of November 22, 2005, FPL entered into a $2 billion 5-year revolving credit and letter of credit facility with a syndicate of financial institutions that will expire on November 22, 2010. The borrowings and issuance of letters of credit under the facility are available for general corporate purposes, including support of FPL's commercial paper program and to provide additional liquidity in the event of a property loss, including a transmission and distribution property loss. During 2006, no loans were made to FPL and $156 million of letters of credit were issued under the 5-year revolving credit facility.

FPL's nuclear fuel leases obligate FPL to purchase portions of the nuclear fuel from the non-affiliated (but consolidated for financial statement purposes) lessor company (the "Fuel Company") at the net investment value of such fuel, if required to enable the Fuel Company to pay maturing notes or other borrowings. Also, upon the occurrence of certain events which constitute a default by FPL under such nuclear fuel leases or give rise to termination of such fuel leases, FPL may be required to purchase all of the Fuel Company's interest in such leased nuclear fuel at a purchase price equal to (i) the net investment value of such fuel, plus (ii) such additional amounts as are sufficient to enable the Fuel Company to retire all of its debt obligations and any other charges or fees under the appropriate financing agreements which correspond to such fuel leases and to which the Fuel Company is a party. The Fuel Company has two credit facilities including (i) an amended and restated senior secured revolving credit facility, dated as of June 1, 2004 (the "2004 Fuel Facility"), which provides for commitments up to $100 million and expires on June 14, 2009, and (ii) a senior secured revolving credit facility, dated as of May 10, 2006 (the "2006

Fuel Facility", and together with the 2004 Fuel Facility, the "Fuel Facilities"), which provides for commitments up to $200 million and expires on May 9, 2007 (subject to a 1-year term out option). The credit facilities provide backup support to the Fuel Company's commercial paper program. The payment obligations of the Fuel Company under the Fuel Facilities are directly and unconditionally guaranteed by FPL under an agreement dated June 1, 2004, as supplemented as of May 10, 2006. At December 31, 2006, there were no outstanding borrowings under the Fuel Facilities, and approximately $221 million was outstanding under the Fuel Company's commercial paper program. FPL's obligations under the nuclear fuel leases include payments sufficient to pay the guaranteed obligations, such that FPL's satisfaction of its obligations under the nuclear fuel leases will include amounts necessary to discharge the guaranteed indebtedness.

In March 2003, FPL established an uncommitted credit facility with a single bank (the "Uncommitted Credit Facility"), whereby the bank may, at its discretion, upon the request of FPL, make a short-term loan or loans to FPL from time to time in an aggregate amount at any one time outstanding determined by the bank, which is subject to change at any time. The terms of the specific borrowings under the Uncommitted Credit Facility, including maturity, are set at the time borrowing requests are made by FPL. During 2006, there were no borrowings under the Uncommitted Credit Facility.

For terms and conditions of issues: See Exhibits (c)-1A, (c)-1B, (c)-1D, (a)-8, (a)-9, (a)-10, (a)-11, (a)-12, (a)-13, and (a)-14 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.

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

	5.65% Mortgage Bonds	6.20% Unregistered Mortgage Bonds	6.20% Registered Mortgage Bonds
Filing Fees for Registration Statements	$50,680	$0	$32,100
Legal, Accounting, Rating Agency and Trustee Fees	$275,500	$368,086	$107,339
Printing & Miscellaneous (S-3, Prospectus, Offering Memorandum, etc.)	$10,784	$8,064	$14,269
Florida Taxes and Recording Fees	$1,511,281	$1,135,543	$0
Underwriters'/Initial Purchasers' Discounts and Commissions	$3,500,000	$2,625,000	$0
Total Costs	$5,348,245	$4,136,693	$153,708

The other costs incurred to date by FPL in connection with the 2006 commercial paper issuances and the Borrowing include fees relating to banking, credit ratings and legal fees. The aggregate of these costs in connection with (i) the 2006 commercial paper issuances is $146,405 and (ii) the Borrowing is $18,452.

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 FPL 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)-1G	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 was filed with the FPSC in connection with Docket No. 031000-EI as Exhibit (a)-1G of Report of Consummation.
* (a)-1H	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 was filed with the FPSC in connection with Docket No. 031000-EI as Exhibit (a)-1H of Report of Consummation.
(a)-1I	Amendment to FPL's Restated Articles of Incorporation dated February 11, 2005.

* (a)-2	Mortgage and Deed of Trust dated as of January 1, 1944 (the "Mortgage"), between FPL and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), the Trustee, and One Hundred and Eight 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, 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; Exhibit (a)-2C, Docket No. 920955-EI, Report of Consummation No. 4; Exhibit (a)-2A, Docket No. 920955-EI, Report of Consummation No. 6; 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; Exhibit (a)-3, Docket No. 011340-EI, Report of Consummation; Exhibit (a)-3B, Docket No. 021084-EI, Report of Consummation; Exhibit (a)-3C, Docket No. 021084-EI, Report of Consummation; Exhibit (a)-3, Docket No. 031000-EI, Report of Consummation; Exhibit (a)-4, Docket No. 031000-EI, Report of Consummation; Exhibit (a)-3, Docket No. 041086-EI, Report of Consummation; and Exhibit (a)-4, Docket No. 041086-EI, Report of Consummation.

(a)-3 One Hundred Ninth Supplemental Indenture dated as of January 1, 2006 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the 5.65% Mortgage Bonds.

(a)-4 One Hundred Tenth Supplemental Indenture dated as of April 1, 2006 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the 6.20% Unregistered Mortgage Bonds and the 6.20% Registered Mortgage Bonds.

(a)-5	For the Prospectus and Prospectus Supplement relating to the 5.65% Mortgage Bonds, see Exhibit (c)-1A.
(a)-6	For the Offering Memorandum relating to the 6.20% Unregistered Mortgage Bonds, see Exhibit (c)-1B.
(a)-7	For the Prospectus relating to the 6.20% Registered Mortgage Bonds, see Exhibit (c)-1D.
(a)-8	Credit Agreement, dated as of May 10, 2006 (the "5-Year Term Loan Facility"), among FPL, the lenders identified from time to time on Schedule I thereto, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent, relating to the Borrowing.
*(a)-9	U.S. Commercial Paper Offering Memorandum dated August 2005 of J.P. Morgan Securities Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (a)-8 of Report of Consummation (Effective through January 31, 2006).
*(a)-10	Commercial Paper Issuer Program Report August 5, 2005 of Merrill Lynch Money Markets Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (a)-9 of Report of Consummation (Effective through January 31, 2006).
*(a)-11	U.S. Commercial Paper Information Memorandum dated August 2005 of SunTrust Capital Markets, Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (a)-10 of Report of Consummation (Effective through January 31, 2006).
(a)-12	U.S. Commercial Paper Offering Memorandum dated January 2006 of J.P. Morgan Securities Inc. (Effective after January 31, 2006).
(a)-13	Commercial Paper Issuer Program Report January 31, 2006 of Merrill Lynch Money Markets Inc. (Effective after January 31, 2006).
(a)-14	U.S. Commercial Paper Information Memorandum dated January 2006 of SunTrust Capital Markets, Inc. (Effective after January 31, 2006).
(b)-1	Signed opinion of FPL's legal counsel with respect to the legality of the issuances of the 5.65% Mortgage Bonds, 6.20% Unregistered Mortgage Bonds, and 6.20% Registered Mortgage Bonds.
(b)-1B	Signed opinion of FPL's legal counsel in respect to the legality of the issuance of the debt under the 5-Year Term Loan Facility.
(b)-1C	Signed opinion of FPL's legal counsel in respect to the legality of the issuance of the commercial paper under the 2005 Commercial Paper Dealer Agreements.
*(c)-1	Form S-3 Registration Statement pursuant to which the 5.65% Mortgage Bonds were issued (Registration Statement Nos. 333-116300,

333-116300-01 and 333-116300-02, filed with the Securities and Exchange Commission on June 8, 2004), was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (c)-1 of Report of Consummation.

(c)-1A Prospectus Supplement dated January 11, 2006 (including Prospectus) with respect to the 5.65% Mortgage Bonds.

(c)-1B Offering Memorandum dated April 19, 2006 with respect to the 6.20% Unregistered Mortgage Bonds.

(c)-1C Form S-4 Registration Statement pursuant to which the 6.20% Registered Mortgage Bonds were issued in exchange for the 6.20% Unregistered Mortgage Bonds (Registration Statement No. 333-138818, filed with the Securities and Exchange Commission on November 17, 2006).

(c)-1D Prospectus dated November 29, 2006 with respect to the 6.20% Registered Mortgage Bonds.

(c)-1E Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

(c)-1F Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

(c)-1G Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

(c)-1H Annual Report on Form 10-K for the year ended December 31, 2006.

(c)-2 Consolidated Statement of Capitalization.

(c)-3 Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.

(d)-1 Underwriting Agreement, dated January 11, 2006, with respect to the 5.65% Mortgage Bonds.

(d)-2 Purchase Agreement, dated April 19, 2006, with respect to the 6.20% Unregistered Mortgage Bonds.

(d)-3 Registration Rights Agreement dated April 24, 2006 relating to 6.20% Unregistered Mortgage Bonds.

*(d)-4 Commercial Paper Dealer Agreement dated as of August 5, 2005 between FPL and J.P. Morgan Securities Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (d)-5 of Report of Consummation.

*(d)-5 Commercial Paper Dealer Agreement dated as of August 5, 2005 between FPL and Merrill Lynch Money Markets Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (d)-6 of Report of Consummation.

*(d)-6 Commercial Paper Dealer Agreement dated as of August 5, 2005 between FPL and SunTrust Capital Markets, Inc. was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (d)-7 of Report of Consummation.

(e) Statement as to Underwriters' Fees/Initial Purchasers' Fees.

(1)-A See Exhibit (c)-1A, cover page (as to fee) and Page S-10 (as to Underwriters) of the Prospectus Supplement with respect to the 5.65% Mortgage Bonds.

Banc of America Securities LLC
9 West 57th Street
New York, NY 10019

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
New York, NY 10006

Lehman Brothers Inc.
745 Seventh Avenue
New York, NY 10019

BBVA Securities Inc.
1345 Avenue of the Americas,
45th Floor
New York, NY 10105

Calyon Securities (USA) Inc.
1301 Avenue of the Americas,
17th Floor
New York, NY 10019

Fortis Securities LLC
520 Madison Avenue, 3rd Floor
New York, NY 10022

Greenwich Capital Markets, Inc.
101 Park Avenue, 12th Floor
New York, NY 10178

HSBC Securities (USA) Inc.
HSBC Tower 3,
452 5th Avenue
New York, NY 10018

LaSalle Financial Services, Inc.
55 East 52nd Street, 6th Floor
New York, NY 10055

HVB Capital Markets, Inc.
150 East 42nd Street
New York, NY 10017

Lazard Capital Markets LLC
30 Rockefeller Plaza
New York, NY 10020

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd Floor
Atlanta, GA 30308

(1)-B See Exhibit (c)-1B and Page 21 (as to Initial Purchasers) of the Offering Memorandum with respect to the 6.20% Unregistered Mortgage Bonds.

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

LaSalle Financial Services, Inc.
55 East 52nd Street, 6th Floor
New York, NY 10055

J.P. Morgan Securities Inc.
270 Park Avenue

KeyBanc Capital Markets, a
Division of McDonald

New York, NY 10017

Investments Inc.
127 Public Square
Cleveland, OH 44144

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
New York, NY 10006

UBS Securities LLC
677 Washington Boulevard
Stamford, CT 06901

BNP Paribas Securities Corp.
787 Seventh Avenue
New York, NY 10019

Wells Fargo Securities, LLC
600 California Street,
Suite 1600
San Francisco, CA 94108

BNY Capital Markets, Inc.
One Wall Street, 18th Floor
New York, NY 10286

* (e)-1 Statement as to Placement Agents/Dealers' Fees.

(1) J.P. Morgan Securities Inc., Merrill Lynch Money Markets Inc., and SunTrust Capital 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.

J.P. Morgan Securities Inc.
270 Park Avenue, 8th Floor
New York, NY 10017

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

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd Floor
Atlanta, GA 30308

(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 Exhibits (d)-4, (d)-5, and (d)-6.

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*Incorporated by reference.

Respectfully submitted this 29th day of March, 2007.

FLORIDA POWER & LIGHT COMPANY

By: Robert S Schauer

Robert S. Schauer
Assistant Treasurer

Exhibit (a)-1I

ARTICLES OF AMENDMENT
TO THE
RESTATED ARTICLES OF INCORPORATION
OF
FLORIDA POWER & LIGHT COMPANY

These Articles of Amendment to the Restated Articles of Incorporation, as amended, of Florida Power & Light Company were adopted by the Finance Committee of the Board of Directors of Florida Power & Light Company pursuant to the due authorization of the Board of Directors, on November 12, 2004, and no shareholder action was required in accordance with Section 607.0631 of the Florida Business Corporation Act.

I.

The name of the corporation is Florida Power & Light Company.

II.

The reduction in the number of authorized shares is 250,000 shares of Preferred Stock, par value of $100 per share, which shares are itemized under the following series:

50,000 shares of 4 1/2% Preferred Stock, Series A, par value of $100 per share; and

200,000 shares of 4 1/2% Preferred Stock, Series V, par value of $100 per share.

III.

After giving effect to such reduction of shares, the total number of shares which the corporation is authorized to issue, itemized by class and series, is as follows:

(1) 10,414,100 shares of Preferred Stock, par value of $100 per share, without serial designation;

(2) 5,000,000 shares of Preferred Stock without par value (No Par Preferred Stock) without serial designation;

(3) 5,000,000 shares of Subordinated Preferred Stock without par value; and

(4) 1,000 shares of Common Stock without par value.

Dated: February 11, 2005

FLORIDA POWER & LIGHT COMPANY

By: _____
Paul I. Cutler
Treasurer and Assistant Secretary

FILED
05 FEB 15 AM 11:51
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Exhibit (a)-3

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

EXECUTED IN 60 COUNTERPARTS OF WHICH THIS IS COUNTERPART NO. 6

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 Ninth Supplemental Indenture

Relating to $400,000,000 Principal Amount of First Mortgage Bonds, 5.65% Series due February 1, 2037

Dated as of January 1, 2006

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 $1,400,000 and non-recurring intangible taxes as required by law in the amount of $106,636 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 NINTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of the 1st day of January, 2006, 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 60 Wall Street, 27th Floor, New York, New York 10005 (hereinafter called the Trustee), as the one hundred ninth supplemental indenture (hereinafter called the One Hundred Ninth 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, and which Mortgage was incorporated by reference in the One Hundredth Sixth Supplemental Indenture and Mortgage, dated as of September 1, 2004, and recorded in the Rockingham County, New Hampshire Registry of Deeds at Book 4362, Page 1879, reference to which Mortgage and to which One Hundredth Sixth Supplemental Indenture and Mortgage is hereby made, this One Hundred Ninth Supplemental Indenture being supplemental thereto;

WHEREAS, by an instrument, dated as of April 15, 2002, filed with the Banking Department of the State of New York, Bankers Trust Company effected a corporate name change pursuant to which, effective such date, it is known as Deutsche Bank Trust Company Americas; and

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 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 One Hundred Ninth 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 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 and the lien and operation of the One Hundred Sixth Supplemental Indenture and 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 Ninth 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 Ninth 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
One Hundred Sixth Series of Bonds

Section 1. (I) There shall be a series of bonds designated "5.65% Series due February 1, 2037", herein sometimes referred to as the "One Hundred Sixth 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 Hundred Sixth Series shall mature on February 1, 2037 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 5.65% per annum, payable semi-annually on February 1 and August 1 of each year (each an "Interest Payment Date") commencing on August 1, 2006; 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 Hundred Sixth Series shall be dated as in Section 10 of the Mortgage provided. The record date for payments of interest on any Interest Payment Date shall be the close of business on (1) the business day immediately preceding such Interest Payment Date so long as the bonds of the One Hundred Sixth Series are in book-entry only form, registered in the name of The Depository Trust Company or any other successor depositary or a nominee thereof or (2) the 15th calendar day immediately preceding each Interest Payment Date if the bonds of

the One Hundred Sixth Series are not in book-entry only form, registered in the name of The Depository Trust Company or any other successor depositary or a nominee thereof. Interest on the bonds of the One Hundred Sixth Series will accrue from and including January 18, 2006 to but excluding August 1, 2006 and, thereafter, from and including the last Interest Payment Date to which interest has been paid or duly provided for (and if no interest has been paid on the bonds of the One Hundred Sixth Series, from January 18, 2006) to, but excluding, the next succeeding Interest Payment Date. No interest will accrue on a bond of the One Hundred Sixth 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 Hundred Sixth 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 One Hundred Sixth 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 Hundred Sixth 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 Hundred Sixth Series (or portion thereof) 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 bond of the One Hundred Sixth Series (or portion thereof) being redeemed; over

(2) the principal amount of the bond of the One Hundred Sixth 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 (as defined below) plus 20 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 Banc of America Securities LLC or Lehman Brothers Inc. or, if 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" 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 Hundred Sixth Series to be redeemed, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Treasury Yield 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, then the Treasury Yield will be equal to such weekly average yield. In all other cases, the Treasury Yield 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 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). 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 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 Hundred Sixth 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 Hundred Sixth 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 Hundred Sixth 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 Hundred Sixth 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 One Hundred Sixth Series" immediately before the words "remain Outstanding".

ARTICLE III
Miscellaneous Provisions

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

Section 4. The holders of bonds of the One Hundred Sixth 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 One Hundred Sixth 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 One Hundred Ninth 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 Ninth 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 Ninth Supplemental Indenture.

Section 6. Whenever in this One Hundred Ninth 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 Ninth 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 7. Nothing in this One Hundred Ninth 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 Ninth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this One Hundred Ninth 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 States of Florida, Georgia and New Hampshire, 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. The mortgage granted in the One Hundred Sixth Supplemental Indenture and Mortgage, dated as of September 1, 2004, in the Seabrook Substation Property (as defined in said One Hundred Sixth Supplemental Indenture and Mortgage), as supplemented hereby, is upon the statutory conditions as defined in New Hampshire Revised Statutes Annotated §477:29, and upon the further condition that all covenants and agreements of FPL contained in said One Hundred Sixth Supplemental Indenture and Mortgage and in the Mortgage, as supplemented hereby, shall be kept and fully performed, for any breach of which the Trustee shall have the statutory power of sale as defined in New Hampshire Revised Statutes Annotated §477:29.

Section 10. This One Hundred Ninth 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 Vice Presidents, 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. Michael Davis
Vice President, Accounting, Controller
and Chief Accounting Officer
9250 West Flagler Street
Miami, FL 33102

Attest:

_____

Paul I. Cutler
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: Wanda Camacho

Wanda Camacho
Vice President
60 Wall Street, 27th Floor
New York, NY 10005

Attest:

Richard L Buckwalter
Vice President
60 Wall Street, 27th Floor
New York, NY 10005

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

STATE OF FLORIDA
COUNTY OF PALM BEACH } SS:

On the 11th day of January, in the year 2006, before me personally came K. Michael 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 11th day of January, 2006, before me personally appeared K. Michael Davis and Paul I. Cutler, respectively, the Vice President, Accounting, Controller and Chief Accounting Officer and the 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. Michael Davis and Paul I. Cutler produced Florida Driver's License No. D120-513-46-467-0 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.

Charlotte Colacino

CHARLOTTE COLACINO
Notary Public - State of Florida
My Commission Expires May 1, 2007
Commission # DD208340
Bonded By National Notary Assn.

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS:

On the 10th day of January, in the year 2006, before me personally came Wanda Camacho, to me known, who, being by me duly sworn, did depose and say that she resides at 267 Delano Place, Fairview, New Jersey 07022; that she is a Vice President of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that she 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 she signed her name thereto by like order.

I HEREBY CERTIFY, that on this 10th day of January, 2006, before me personally appeared Wanda Camacho and Richard L Buckwalter, respectively, a Vice President and Vice President 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.

Wanda Camacho and Richard L Buckwalter produced New Jersey Driver License No. CO336 77700 57562 and New York State Driver License No. 981 496 172 as identification, respectively.

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

Annie Jaghatspanyan
Notary Public, State of New York
No 01JA6062022
Qualified in New York County
Commission Expires September 23, 2009

Exhibit (a)-4

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

EXECUTED IN 60 COUNTERPARTS OF WHICH THIS IS COUNTERPART NO. 6

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 Tenth Supplemental Indenture

Relating to $300,000,000 Principal Amount of First Mortgage Bonds, 6.20% Series due June 1, 2036

Dated as of April 1, 2006

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 $1,050,000 and non-recurring intangible taxes as required by law in the amount of $78,755 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 TENTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of the 1st day of April, 2006, 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 60 Wall Street, 27th Floor, New York, New York 10005 (hereinafter called the Trustee), as the one hundred tenth supplemental indenture (hereinafter called the One Hundred Tenth 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, and which Mortgage was incorporated by reference in the One Hundredth Sixth Supplemental Indenture and Mortgage, dated as of September 1, 2004, and recorded in the Rockingham County, New Hampshire Registry of Deeds at Book 4362, Page 1879, reference to which Mortgage and to which One Hundredth Sixth Supplemental Indenture and Mortgage is hereby made, this One Hundred Tenth Supplemental Indenture being supplemental thereto;

WHEREAS, by an instrument, dated as of April 15, 2002, filed with the Banking Department of the State of New York, Bankers Trust Company effected a corporate name change pursuant to which, effective such date, it is known as Deutsche Bank Trust Company Americas; and

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 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 One Hundred Tenth 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 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 and the lien and operation of the One Hundred Sixth Supplemental Indenture and 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 Tenth 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 Tenth 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
One Hundred Seventh Series of Bonds

Section 1. (I) There shall be a series of bonds designated "6.20% Series due June 1, 2036", herein sometimes referred to as the "One Hundred Seventh 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 Hundred Seventh Series shall mature on June 1, 2036 and shall be issued as fully registered bonds in denominations of One Thousand Dollars and, at the option of FPL, in integral 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 6.20% per annum, payable semi-annually on June 1 and December 1 of each year (each an "Interest Payment Date") commencing on December 1, 2006; 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 Hundred Seventh Series shall be dated as in Section 10 of the Mortgage provided. The record date for payments of interest on any Interest Payment Date shall be the close of business on (1) the business day immediately preceding such Interest Payment Date so long as the bonds of the One Hundred Seventh Series are in book-entry only form, registered in the name of The Depository Trust Company ("DTC") or any other successor depositary or a nominee thereof or (2) the 15th calendar day immediately preceding each Interest Payment Date if the bonds of the

One Hundred Seventh Series are not in book-entry only form, registered in the name of DTC or any other successor depositary or a nominee thereof. Interest on the bonds of the One Hundred Seventh Series will accrue from and including April 24, 2006 to but excluding December 1, 2006 and, thereafter, from and including the last Interest Payment Date to which interest has been paid or duly provided for (and if no interest has been paid on the bonds of the One Hundred Seventh Series, from April 24, 2006) to, but excluding, the next succeeding Interest Payment Date. No interest will accrue on a bond of the One Hundred Seventh 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. If FPL does not comply with certain of its obligations under the Registration Rights Agreement (as defined below), bonds of the One Hundred Seventh Series shall, in accordance with, for the period provided in, and subject to conditions contained in, Section 2(e) of the Registration Rights Agreement, bear additional interest in addition to the interest provided for in this paragraph.

(II) Bonds of the One Hundred Seventh Series will be initially issued pursuant to an exemption or exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). Each such bond of the One Hundred Seventh Series, whether in a global form or in a certificated form, shall bear the non-registration legend and the registration rights legend in substantially the form set forth in Exhibit A attached hereto (including the agreements of each holder of such bonds set forth therein), unless otherwise agreed by FPL, such agreement to be confirmed in writing to the Trustee. Nothing in the Mortgage, as heretofore supplemented, the bonds of the One Hundred Seventh Series or this One Hundred Tenth Supplemental Mortgage shall be construed to require FPL to register any bonds of the One Hundred Seventh Series under the Securities Act, unless otherwise expressly agreed by FPL, such agreement to be confirmed in writing to the Trustee, or to make any transfer of such bonds of the One Hundred Seventh Series in violation of applicable law. FPL has entered into a registration rights agreement dated April 24, 2006 (the "Registration Rights Agreement") with the initial purchasers of the bonds of the One Hundred Seventh Series pursuant to which, among other things, the bonds of the One Hundred Seventh Series may be exchanged for bonds of the One Hundred Seventh Series registered under the Securities Act (the "Exchange Bonds of the One Hundred Seventh Series"). The Exchange Bonds of the One Hundred Seventh Series shall be in substantially the form of bonds of the One Hundred Seventh Series, but without the non-registration legend, the registration rights legend, the provisions relating to the non-registration of the bonds of the One Hundred Seventh Series, the provisions restricting transfers and resales of the bonds of the One Hundred Seventh Series, the provisions regarding payment of additional interest on the bonds of the One Hundred Seventh Series and the provisions relating to and forms of Certificate of Transfer (attached hereto as Exhibits B and C). The Trustee, at the request of FPL, shall authenticate and deliver the Exchange Bonds of the One Hundred Seventh Series in exchange for an equal principal amount of bonds of the One Hundred Seventh Series of such series. Bonds of the One Hundred Seventh Series and Exchange Bonds of the One Hundred Seventh Series will constitute a single series of bonds under the Mortgage, as heretofore supplemented.

It is contemplated that beneficial interests in bonds of the One Hundred Seventh Series owned by qualified institutional buyers (as defined in Rule 144A under the Securities Act)

("QIBs") or sold to QIBs in reliance upon Rule 144A under the Securities Act will be represented by one or more separate certificates in global form registered in the name of Cede & Co., as registered owner and as nominee for DTC.

In connection with any transfer of bonds of the One Hundred Seventh Series, the Trustee and FPL shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon the certificates and other information (in the forms attached hereto as Exhibit B for use in connection with the transfer of beneficial interests in one certificate in global form to another certificate in global form or to a bond of the One Hundred Seventh Series in certificated form, or Exhibit C for use in connection with the transfer of the bonds of the One Hundred Seventh Series in certificated form) received from the holders and any transferees of any bonds of the One Hundred Seventh Series, or beneficial interests therein, regarding the validity, legality and due authorization of any such transfer, the eligibility of the transferee to receive such bond of the One Hundred Seventh Series, or beneficial interest therein, and any other facts and circumstances related to such transfer. Neither FPL nor the Trustee shall have any liability for any acts or omissions of any depositary, for any depositary records of beneficial interests, for any transactions between the depositary, any participant member of the depositary and/or beneficial owner of any interest in any bonds of the One Hundred Seventh Series, for any transfers of beneficial interests in the bonds of the One Hundred Seventh Series, or in respect of any transfers effected by the depositary or by any participant member of the depositary or any beneficial owner of any interest in any bonds of the One Hundred Seventh Series held through any such participant member of the depositary.

Neither the Trustee nor FPL will have any responsibility under the Mortgage, as heretofore supplemented and as supplemented by this One Hundred Tenth Supplemental Indenture, for transfers of beneficial interests in the bonds of the One Hundred Seventh Series, for any depository records of beneficial interests or for any transactions between the depositary and beneficial owners.

(III) Bonds of the One Hundred Seventh 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 One Hundred Seventh Series being redeemed plus accrued and unpaid interest, if any, to the Redemption Date.

The amount of the Make-Whole Premium with respect to any bond of the One Hundred Seventh 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 Hundred Seventh Series (or portion thereof) 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 bond of the One Hundred Seventh Series (or portion thereof) being redeemed; over

(2) the principal amount of the bond of the One Hundred Seventh 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 (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 Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) Inc. or, if 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" 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 Hundred Seventh Series to be redeemed, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Treasury Yield 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, then the Treasury Yield will be equal to such weekly average yield. In all other cases, the Treasury Yield 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 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). 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 will be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

(IV) At the option of the registered owner, and subject to the provisions of any legend thereon, any bonds of the One Hundred Seventh 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.

Subject to the provisions of any legend set forth thereon, bonds of the One Hundred Seventh 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 Hundred Seventh 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 Hundred Seventh 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 One Hundred Seventh Series" immediately before the words "remain Outstanding".

ARTICLE III
Miscellaneous Provisions

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

Section 4. The holders of bonds of the One Hundred Seventh 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 One Hundred Seventh 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 One Hundred Tenth 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 Tenth 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 Tenth Supplemental Indenture.

Section 6. Whenever in this One Hundred Tenth 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 Tenth 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 7. Nothing in this One Hundred Tenth 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 Tenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this One Hundred Tenth 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 States of Florida, Georgia and New Hampshire, 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. The mortgage granted in the One Hundred Sixth Supplemental Indenture and Mortgage, dated as of September 1, 2004, in the Seabrook Substation Property (as defined in said One Hundred Sixth Supplemental Indenture and Mortgage), as supplemented hereby, is upon the statutory conditions as defined in New Hampshire Revised Statutes Annotated §477:29, and upon the further condition that all covenants and agreements of FPL contained in said One Hundred Sixth Supplemental Indenture and Mortgage and in the Mortgage, as supplemented hereby, shall be kept and fully performed, for any breach of which the Trustee shall have the statutory power of sale as defined in New Hampshire Revised Statutes Annotated §477:29.

Section 10. This One Hundred Tenth 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 its Vice Presidents or Assistant Vice Presidents, and its corporate seal to be attested by one of its Vice Presidents, 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: _____

Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer
700 Universe Boulevard
Juno Beach, FL 33408

Attest:

_____

Paul I. Cutler
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: _____
Wanda Camacho
Vice President
60 Wall Street, 27th Floor
New York, NY 10005

By: _____
Richard L Buckwalter
Vice President
60 Wall Street, 27th Floor
New York, NY 10005

Attest:

_____
Jennifer Mayer
Associate
60 Wall Street, 27th Floor
New York, NY 10005

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

_____
Aldrin M.F. Bayne
Assistant Vice President

_____
Luigi Sacramone
Associate

STATE OF FLORIDA
COUNTY OF PALM BEACH } SS:

On the 19th day of April, in the year 2006, before me personally came Moray P. Dewhurst, to me known, who, being by me duly sworn, did depose and say that he is the Senior Vice President, Finance and Chief Financial 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 19th day of April, 2006, before me personally appeared Moray P. Dewhurst and Paul I. Cutler, respectively, the Senior Vice President, Finance and Chief Financial Officer and the 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.

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.

Charlotte Colacino

CHARLOTTE COLACINO
Notary Public - State of Florida
My Commission Expires May 1, 2007
Commission # DD208340
Bonded By National Notary Assn.

STATE OF NEW YORK
COUNTY OF NEW YORK SS:

On the 18th day of April, in the year 2006, before me personally came Wanda Camacho and Richard L. Buckwalter, to me known, who, being by me duly sworn, did depose and say that they are respectively a Vice President and a Vice President of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that they know 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 they signed their names thereto by like order.

I HEREBY CERTIFY, that on this 18th day of April, 2006, before me personally appeared Wanda Camacho, Richard L. Buckwalter and Jennifer Mayer, respectively, a Vice President, 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.

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

Annie Jaghatspanyan
Notary Public, State of New York
No 01JA6062022
Qualified in New York County
Commission Expires September 23, 2009

EXHIBIT A

[depository legend]

Unless and until this bond is exchanged in whole or in part for certificated bonds registered in the names of the various beneficial holders hereof as then certified to the Corporate Trustee by The Depository Trust Company or its successor (the "Depositary"), this bond may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

Unless this certificate is presented by an authorized representative of the Depositary to the Company or its agent for registration of transfer, exchange or payment, and any certificate to be issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of the Depositary and any amount payable thereunder is made payable to Cede & Co., or such other name, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

This bond may be exchanged for certificated bonds registered in the names of the various beneficial owners hereof if (a) the Depositary is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by the Company within 90 days, or (b) subject to the procedures of the Depositary, the Company elects to issue certificated bonds to beneficial owners (as certified to the Company by the Depositary).

[non-registration legend]

This security has not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The holder hereof, by purchasing this security, agrees for the benefit of Florida Power & Light Company (the "Company") that this security may not be resold, pledged or otherwise transferred other than (a)(1) to the Company, (2) to a person whom the seller reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act ("Rule 144A") that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (3) in a transaction entitled to an exemption from registration provided by Rule 144 under the Securities Act (if available) or pursuant to any other available exemption from the registration requirements of, or in a transaction not subject to, the Securities Act or (4) pursuant to an effective registration statement under the Securities Act and (b) in each case in accordance with any applicable securities laws of any state or the United States.

[registration rights legend]

The holder of this bond, by acceptance hereof, will be deemed to have agreed to be bound by the provisions of the Registration Rights Agreement dated April 24, 2006, among the Company and the initial purchasers of this bond.

EXHIBIT B

[CERTIFICATE OF TRANSFER OF BENEFICIAL INTEREST IN GLOBAL SECURITY]

FLORIDA POWER & LIGHT COMPANY

FIRST MORTGAGE BONDS, 6.20% SERIES DUE JUNE 1, 2036

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

Name and address of assignee must be printed or typewritten.

$_____ principal amount of beneficial interest in the referenced Security of the Company and does hereby irrevocably constitute and appoint

_____

to transfer said beneficial interest in such Security, with full power of substitution in the premises.

The undersigned certifies that said beneficial interest in said Security is being resold, pledged or otherwise transferred as follows: (check one)

☐ to the Company;

☐ to a person whom the undersigned reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A;

☐ outside the United States, in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act;

☐ as otherwise permitted by the non-registration legend appearing on this Security; or

☐ as otherwise agreed by the Company, confirmed in writing to the Corporate Trustee, as follows: [describe]

_____

_____

Dated:_____ Your Signature:_____

Signature Guarantee:_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar

in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

All terms used in this certificate which are defined in the Mortgage and Deed of Trust pursuant to which said Security was issued shall have the meanings assigned to them in the Mortgage and Deed of Trust.

EXHIBIT C

[CERTIFICATE OF TRANSFER OF CERTIFICATED SECURITY]

FLORIDA POWER & LIGHT COMPANY

FIRST MORTGAGE BONDS, 6.20% SERIES DUE JUNE 1, 2036

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

Name and address of assignee must be printed or typewritten.

$_____

the within Security of the Company and does hereby irrevocably constitute and appoint

_____

to transfer said Security, with full power of substitution in the premises.

The undersigned certifies that said Security is being resold, pledged or otherwise transferred as follows: (check one)

☐ to the Company;

☐ to a person whom the undersigned reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A;

☐ outside the United States, in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act;

☐ as otherwise permitted by the non-registration legend appearing on this Security; or

☐ as otherwise agreed by the Company, confirmed in writing to the Corporate Trustee, as follows: [describe]

_____

_____

Dated:_____ Your Signature:_____

Signature Guarantee:_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

All terms used in this certificate which are defined in the Mortgage and Deed of Trust pursuant to which said Security was issued shall have the meanings assigned to them in the Mortgage and Deed of Trust.

Exhibit (a)-8

EXECUTION COPY

FLORIDA POWER & LIGHT COMPANY

CREDIT AGREEMENT

DATED AS OF MAY 10, 2006

$250,000,000 Five Year
Resetting Term Loan Facility

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, AS
ADMINISTRATIVE AGENT

CREDIT AGREEMENT

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of the 10th day of May, 2006 (this "Agreement"), is by and among (i) FLORIDA POWER & LIGHT COMPANY, a Florida corporation (the "Borrower" or "FPL"), (ii) the lending institutions from time to time listed on Schedule I (the "Lenders"), and (iii) THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Administrative Agent.

W I T N E S S E T H:

WHEREAS, the Borrower desires to obtain the commitment of the Lenders to make loans to the Borrower in the maximum aggregate principal amount of TWO HUNDRED FIFTY MILLION AND NO/100 UNITED STATES DOLLARS ($250,000,000.00) for the general corporate purposes of the Borrower, including, without limitation, to provide working capital and to finance capital expenditures; and

WHEREAS, the Lenders are willing to make such commitment available to the Borrower on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE 1 - DEFINITIONS AND RULES OF INTERPRETATION.

Section 1.01 Definitions. The following terms shall have the meanings set forth in this Section 1.01 or elsewhere in the provisions of this Agreement referred to below:

"Agent" or "Administrative Agent" shall mean The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, acting in its capacity as agent for the Lenders, together with its successors and assigns in such capacity.

"Agreement" shall mean this Credit Agreement, including the Schedules and Exhibits hereto, as the same may be modified, amended, supplemented, extended, renewed and replaced from time to time.

"Agreement Effective Date" shall mean the date on which all of the conditions set forth in Section 7.01 shall have been satisfied or waived by the Lenders and the Agent.

"Applicable Facility Fee Rate" and "Applicable Margin" shall mean, during any period when the Applicable Ratings are at any Rating Level set forth below, with respect to any facility fee payable hereunder and any applicable margin over any interest rate payable in respect of any Type of Loan Outstanding hereunder, the percentage set forth below opposite such fee or margin for Loans of the applicable Type:

	Rating Level I	Rating Level II	Rating Level III	Rating Level IV	Rating Level V	Rating Level VI	Rating Level VII
Applicable Facility Fee Rate	0.0400%	0.0500%	0.0600%	0.0700%	0.0800%	0.1000%	0.1500%
Applicable Margin (Base Rate Loans)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Applicable Margin (Eurodollar Rate Loans for Term Loan Periods ≤ One Year)	0.1100%	0.1500%	0.1900%	0.2300%	0.2700%	0.3000%	0.3750%
Applicable Margin (Eurodollar Rate Loans for Term Loan Periods > One Year but ≤ Two Years)	0.1600%	0.1750%	0.2400%	0.2800%	0.3200%	0.3500%	0.4250%
Applicable Margin (Eurodollar Rate Loans for Term Loan Periods > Two Years but ≤ Three Years)	0.1850%	0.2500%	0.2900%	0.3300%	0.3700%	0.4000%	0.4750%
Applicable Margin (Eurodollar Rate Loans for Term Loan Periods > Three Years but ≤ Four Years)	0.2100%	0.3000%	0.3400%	0.3800%	0.4200%	0.4500%	0.5250%
Applicable Margin (Eurodollar Rate Loans for Term Loan Periods > Four Years but ≤ Five Years)	0.2350%	0.3500%	0.3900%	0.4300%	0.4700%	0.5000%	0.5750%

For the purposes of this Agreement, any change in the Applicable Facility Fee Rate or the Applicable Margin for any facility fee or any Outstanding Loans, as the case may be, by reason of a change in any Applicable Rating shall become effective on the date of announcement or publication by the respective Applicable Rating Agency of a change in such Applicable Rating or, in the absence of such announcement or publication, on the effective date of such changed Applicable Rating.

"Applicable Lending Office" shall mean, in the case of any Lender, such Lender's Domestic Lending Office or Eurodollar Lending Office, as the case may be.

"Applicable Rating" shall mean, at the time of any determination thereof, the Rating of the Applicable Rating Agencies, at least one of which must be either Moody's or Standard & Poor's.

"Applicable Rating Agency" shall mean, at the time of any determination thereof, a Rating Agency employed by the Borrower for rating the Borrower's non-credit enhanced long-term senior unsecured debt or, to the extent such rating is not available, for the Borrower's long-term senior secured debt.

"Applicable Rating Agencies" shall mean, at the time of any determination thereof, all Rating Agencies employed by the Borrower (which shall be a minimum of two) for rating the Borrower's non-credit enhanced long-term senior unsecured debt or, to the extent such rating is

not available, for the Borrower's long-term senior secured debt, at least one of which must be either Moody's or Standard & Poor's.

"Base Rate" shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus ½ of 1%, and (b) the rate of interest from time to time announced by the Agent as its base rate for such day. Each change in any interest rate provided for herein which is based upon the Base Rate resulting from a change in the Base Rate shall take effect at the time of such change in the Base Rate.

"Base Rate Loan" shall mean all or any portion of any Loan bearing interest calculated by reference to the Base Rate.

"Borrower" shall have the meaning given such term in the preamble hereto.

"Borrowing" shall mean the drawing down by the Borrower of a Loan or Loans from the Lenders on any given Borrowing Date.

"Borrowing Date" shall mean the date on which any Loan is made or to be made, and the date on which all or any portion of any Loan is Converted or continued in accordance with Section 2.06.

"Business Day" shall mean any day on which banking institutions in New York City, New York are open for the transaction of banking business and, in the case of any Eurodollar Rate Loan, also a day which is a Eurodollar Business Day.

"Change of Control" shall mean, the occurrence of any of the following events:

(i) Group or any successor in interest to Group shall fail to own, directly or indirectly, at least eighty percent (80%) of the Voting Stock of FPL; or

(ii) any Person or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than a successor in interest to Group, shall own beneficially (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Exchange Act), directly or indirectly, Voting Stock of Group or any successor in interest to Group (or other securities convertible into such Voting Stock) representing in excess of fifty percent (50%) of the combined voting power of all Voting Stock of Group or any successor in interest to Group; or

(iii) individuals who on the Agreement Effective Date were directors of Group (the "Incumbent Board") shall cease for any reason to constitute a majority of the board of directors of Group or any successor in interest to Group; provided, however, that any individual becoming a director subsequent to the Agreement Effective Date whose election, or nomination for election by Group's (or any successor in interest's) shareholders, was approved by the requisite vote of the then Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or

threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group of persons other than a solicitation for the election of one or more directors by or on behalf of the board of directors.

For the purposes hereof, "successor in interest" means (a) any Person which is a successor in interest to Group as a result of any transaction permitted pursuant to the provisions of Section 6.11 of that certain Credit Agreement, dated as of November 22, 2005, among FPL Group Capital Inc, Group, the lending institutions that are parties thereto, JPMorgan Chase Bank, N.A., as agent for itself and such other lending institutions, and ABN AMRO Bank, N.V., The Bank of Nova Scotia, JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association, as issuing banks (which provisions shall, for the purposes hereof, survive whether or not such Credit Agreement remains in effect during the term of this Agreement), or (b) any corporation which acquires one hundred percent (100%) of the combined voting power of all Voting Stock of Group, if, after giving effect to such acquisition, more than fifty percent (50%) of the then outstanding Voting Stock of such acquiring corporation is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the outstanding Voting Stock of Group immediately prior to such acquisition.

Without limiting the qenerality of the foregoing, no "Change of Control" shall be deemed to have occurred, notwithstanding the consummation of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of December 18, 2005, as the same may be amended from time to time, by and among Group, Constellation Energy Group, Inc., ("CEG"), and CF Merger Corporation, or subsequent thereto, (i) any transfer of all or a portion of the ownership or control of the Borrower to CEG or any Subsidiary or Affiliate of CEG or (ii) any merger, consolidation or other amalgamation of Group with or into CEG or any Subsidiary or Affiliate of CEG; provided that nothing herein shall be deemed or imply that a "Change of Control" would be deemed to occur upon the consummation of any such transaction in the absence of such sentence.

"Claim" shall have the meaning assigned to such term in Article 12.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Commitment" shall mean, when used with reference to any Lender at the time any determination thereof is to be made, the obligation of such Lender to make Loans pursuant to Section 2.01, or, where the context so requires, the amount of such obligation which is set forth on Schedule I opposite the Lender's name as its Commitment, in each case as the same may be reduced from time to time in accordance with the provisions of Section 4.01.

"Commitments" shall mean the aggregate Commitments of the several Lenders.

"Conversion" or "Convert" shall mean a conversion of all or part of any Loan of one Type into a Loan of another Type pursuant to Section 2.06 hereof (including any such conversion made as a result of the operation of any other provision hereof).

"Conversion Request" shall mean a notice given by the Borrower to the Agent of its election to Convert or continue all or any portion of the Loans in accordance with Section 2.06.

"date of this Agreement" and "date hereof" shall mean May 10, 2006.

"Default" shall mean an Event of Default, or an event that with notice or lapse of time or both would become an Event of Default, or the filing in any court of competent jurisdiction of any petition or application or the commencement of any case or other proceeding referred to in Section 8.01(g) so long as the same remains undismissed or unstayed.

"Dollars" or "$" shall mean Dollars in lawful currency of the United States of America.

"Domestic Lending Office" shall mean, initially, the office of each Lender designated as such in Schedule I hereto; thereafter, such other office of such Lender, if any, located within the United States that will be making or maintaining any Base Rate Loan.

"Employee Benefit Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, other than a Multiemployer Plan.

"Equity - Preferred Securities" means (i) debt or preferred equity securities (however designated or denominated) of the Borrower or any of its Subsidiaries that are mandatorily convertible into common or preferred shares of the Borrower or any of its Subsidiaries; provided that such securities do not constitute Mandatorily Redeemable Stock, (ii) other debt or preferred equity securities (however designated or denominated) of the Borrower or any of its Subsidiaries issued in connection with one or more outstanding purchase agreements for common or preferred shares of the Borrower or any of its Subsidiaries; provided that such securities do not constitute Mandatorily Redeemable Stock, and (iii) any other securities (however designated or denominated), that are (A) issued by the Borrower or any of its Subsidiaries, (B) not subject to mandatory redemption or mandatory prepayment, and (C) together with any guaranty thereof, subordinate in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such securities or guaranty.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"ERISA Affiliate" shall mean any Person that is treated as a single employer with the Borrower under Section 414 of the Code.

"ERISA Reportable Event" shall mean a reportable event with respect to a Guaranteed Pension Plan within the meaning of Section 4043 of ERISA as to which the requirement of notice has not been waived.

"Eurocurrency Reserve Rate" shall mean, for any Interest Period for any Eurodollar Rate Loan, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the Federal Reserve System in New York City with deposits against "Eurocurrency liabilities" (as such term is used in Regulation D) in effect two (2) Eurodollar Business Days before the first day of such Interest Period. Without limiting the effect of the foregoing, the Eurocurrency Reserve Rate shall include any other reserves required

to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which the Eurodollar Rate is to be determined as provided in the definition of "Eurodollar Rate" in this Section 1.01 or (ii) any category of extensions of credit or other assets that includes Eurodollar Rate Loans.

"Eurodollar Business Day" shall mean any Business Day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Agent in its sole discretion acting in good faith.

"Eurodollar Lending Office" shall mean, initially, the office of each Lender designated as such in Schedule I hereto; thereafter, such other office of such Lender, if any, that shall be making or maintaining any Eurodollar Rate Loan.

"Eurodollar Rate" shall mean, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Agent as the rate per annum quoted by the Agent at approximately 11:00 a.m., London time (or as soon thereafter as practicable) on the date two (2) Eurodollar Business Days prior to the first day of such Interest Period for the offering by the Agent to leading banks in the London interbank market of Dollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of the Eurodollar Rate Loans to be made by the Lenders for such Interest Period, divided by one (1) minus the Eurocurrency Reserve Rate for such Loan for such Interest Period.

"Eurodollar Rate Loan" shall mean all or any portion of any Loan bearing interest calculated by reference to the Eurodollar Rate.

"Event of Default" shall have the meaning assigned to such term in Article 8.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

"Facility Fee" shall have the meaning assigned to such term in Section 4.01.

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upwards, if necessary to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the average rate charged to the Agent on such Business Day on such transactions as determined by the Agent.

"First Mortgage" shall mean the Borrower's Mortgage and Deed of Trust, dated as of January 1, 1944, as supplemented and amended from time to time.

"Fitch" shall mean Fitch Ratings, or any successor thereto.

"Fitch Rating" shall mean, as of the date of any determination thereof, the rating currently in effect (including a non-rating) of Fitch relating to the non-credit enhanced long-term senior unsecured debt of the Borrower or, to the extent such rating is not available, one (1) rating level below Fitch's rating for the Borrower's long-term senior secured debt.

"FPSC Financing Order" shall mean the Final Order Granting Approval for Authority to Issue and Sell Securities issued by the Florida Public Service Commission on November 18, 2005, as Order No. PSC-05-1154-FOF-EI, and each successive order of the Florida Public Service Commission granting authority to the Borrower to issue and sell securities, as applicable.

"Funded Debt" shall mean, as of the date of any determination thereof, the following (without duplication) with respect to the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles (other than as consolidated on the balance sheet of the Borrower and its Subsidiaries solely as a result of the operation of Financial Accounting Standards Board Interpretation No. 46R):

(i) all indebtedness for borrowed money (other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices);

(ii) all obligations evidenced by bonds, indentures, notes and other similar instruments;

(iii) all obligations with respect to the deferred purchase price of property (other than as described in clause (iv) below and other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices) to the extent that such obligations are absolute and fixed and not subject to any right of cancellation by the Borrower and/or any of its Subsidiaries;

(iv) all obligations with respect to construction services to be performed, but only to the extent such obligations have become due and owing as of the date of any such determination pursuant to the provisions of the specific agreement evidencing such obligations;

(v) all obligations of the Borrower and its Subsidiaries as lessee under (a) leases that have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and (b) Synthetic Lease Obligations;

(vi) all liabilities secured by any Lien on any property owned by the Borrower or any of its Subsidiaries;

(vii) all obligations, contingent or otherwise, of the Borrower and its Subsidiaries in respect of acceptances, letters of credit or similar extensions of credit, to the extent such obligations exceed $200,000,000 in the aggregate; provided that, for the purpose of determining compliance

with the provisions of Section 8.01(e), "Funded Debt" shall include all such obligations, contingent or otherwise, of the Borrower and its Subsidiaries in respect of acceptances, letters of credit and similar extensions of credit;

(viii) all net obligations under Swap Contracts in an amount equal to the Swap Termination Value thereof;

(ix) any Mandatorily Redeemable Stock of the Borrower and its Subsidiaries (the amount of such Mandatorily Redeemable Stock to be determined for this purpose as the higher of the liquidation preference and the amount payable upon redemption of such Mandatorily Redeemable Stock);

(x) any liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA; and

(xi) guarantees of obligations of the type described in clause (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x) above, but only to the extent of the indebtedness guaranteed thereby which is then outstanding as of the date of any such determination pursuant to the provisions of the agreement in respect of which such obligation exists or arises.

"generally accepted accounting principles" (a) when used herein, whether directly or indirectly through reference to a capitalized term, means (i) principles that are consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors with respect to commercial organizations owned or operated in the United States of America, in effect for the fiscal period ended on December 31, 2005, and (ii) to the extent consistent with such principles, the accounting practice of the Borrower reflected in its financial statements for the period ended on December 31, 2005, and (b) when used in general, other than as provided above, means principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors with respect to commercial organizations owned or operated in the United States of America, as in effect from time to time and (ii) consistently applied with past financial statements of the Borrower adopting the same principles, provided that in each case referred to in this definition of "generally accepted accounting principles" a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) as to financial statements in which such principles have been properly applied.

"Governmental Authority" shall mean, as to any Person, any government (or any political subdivision or jurisdiction thereof), court, bureau, agency or other governmental authority having jurisdiction over such Person or any of its business, operations or properties.

"Group" shall mean FPL Group, Inc., a Florida corporation.

"Guaranteed Pension Plan" shall mean any employee pension benefit plan within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA and that is maintained or contributed to by the Borrower or any ERISA Affiliate or in respect of which the Borrower or any ERISA Affiliate could be reasonably expected to have liability, other than a Multiemployer Plan.

"Holding Company Act" shall have the meaning assigned to such term in Section 5.10.

"Indemnitee" shall have the meaning assigned to such term in Article 12.

"Interest Payment Date" shall mean (a) as to any Base Rate Loan, the last day of each calendar quarter; (b) as to any Eurodollar Rate Loan in respect of which the Interest Period is (i) three (3) months or less, the last day of such Interest Period and (ii) more than three (3) months, the date that is three (3) months from the first day of such Interest Period and, in addition, the last day of such Interest Period; and (c) as to all Loans, the earlier of the last day of the Term Loan Period applicable to such Loan and the Loan Maturity Date.

"Interest Period" shall mean, with respect to any Eurodollar Rate Loan, (a) initially, the period commencing on the initial Borrowing Date and ending one (1), two (2), three (3) or six (6) months, or, subject to availability and with the approval of the Agent and the Lenders, twelve (12) months, thereafter as selected by the Borrower; and (b) thereafter, in the case of any Eurodollar Rate Loan, each period commencing on the last day of the next preceding Interest Period applicable to such portion of such Loan and ending on the last day of one of the periods set forth above, as selected by the Borrower in a Conversion Request; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period would otherwise end on a day that is not a Eurodollar Business Day, that Interest Period shall be extended to the next succeeding Eurodollar Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Eurodollar Business Day;

(B) if the Borrower shall fail to give notice as provided in Section 2.06, the Borrower shall be deemed to have requested a Conversion of the affected Eurodollar Rate Loan to a Base Rate Loan on the last day of the then current Interest Period with respect thereto;

(C) any Interest Period that begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(D) no Interest Period shall extend beyond the end of the applicable Term Loan Period or the Loan Maturity Date.

"Lenders" shall mean each of the lending institutions listed on Schedule I hereto so long as such Lender has a Commitment hereunder, each Additional Lender, and any other Person who becomes an assignee of any rights and obligations of a Lender pursuant to Article 14.

"Lien" shall mean any mortgage, pledge, lien, security interest or other charge or encumbrance with respect to any present or future assets of the Person referred to in the context in which the term is used.

"Loan" shall mean the aggregate principal amount advanced by each Lender as a Loan or Loans to the Borrower under Section 2.01, or, where the context requires, the amount thereof

then Outstanding. "Loans" shall mean the aggregate principal amount of the Loans of all of the Lenders Outstanding at the time referred to in the context in which the term is used.

"Loan Documents" shall mean this Agreement and the Notes, if any.

"Loan Maturity Date" shall mean May 10, 2011.

"Majority Lenders" shall mean Lenders having more than fifty percent (50%) of the aggregate amount of the Commitments or, if the Commitments shall have terminated, Lenders holding more than fifty percent (50%) of the aggregate unpaid principal amount of the Loans.

"Majority Level" shall have the meaning assigned to that term in the definition of "Rating Level".

"Mandatorily Redeemable Stock" shall mean, with respect to any Person, any share of such Person's capital stock to the extent that it is (i) redeemable, payable or required to be purchased or otherwise retired or extinguished, or convertible into any indebtedness or other liability of such Person, (A) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (B) at the option of any Person other than such Person, or (C) upon the occurrence of a condition not solely within the control of such Person, such as a redemption required to be made out of future earnings, or (ii) presently convertible into Mandatorily Redeemable Stock.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor thereto.

"Moody's Rating" shall mean as of any date of determination thereof, the rating currently in effect (including a non-rating) of Moody's relating to the non-credit enhanced long-term senior unsecured debt of the Borrower or, to the extent such rating is not available, one (1) rating level below Moody's rating for the Borrower's long-term senior secured debt.

"Multiemployer Plan" shall mean any multiemployer plan within the meaning of Section 3(37) of ERISA to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute or has within any of the preceding five plan years contributed or had an obligation to contribute.

"Nonrecourse Indebtedness" shall have the meaning assigned to such term in Section 6.17.

"Notes" shall mean the promissory notes provided for by Section 2.03 and all promissory notes delivered in substitution or exchange therefor.

"Notice" shall have the meaning assigned to such term in Article 12.

"Other Taxes" shall have the meaning assigned to such term in Section 4.11(b).

"Outstanding" shall mean, with respect to any Loan, the aggregate unpaid principal amount thereof as of any date of determination.

"Participant" shall have the meaning assigned to such term in Section 14(c).

"PBGC" shall mean the Pension Benefit Guaranty Corporation created by Section 4002 of ERISA and any successor entity or entities having similar responsibilities.

"Person" shall mean any individual, corporation, partnership, trust, unincorporated association, business, or other legal entity, and any government or any governmental agency or political subdivision thereof.

"Pro Rata Share" shall mean, as to any Lender at any time, the percentage equivalent (expressed as a decimal) at such time of such Lender's Commitment divided by the combined Commitments of all of the Lenders at such time.

"Rating" shall mean the Fitch Rating, the Moody's Rating or the Standard & Poor's Rating.

"Rating Agency" shall mean any of Fitch, Moody's or Standard & Poor's.

"Rating Level" shall mean any of Rating Level I, Rating Level II, Rating Level III, Rating Level IV, Rating Level V, Rating Level VI, and Rating Level VII.

Rating Level I shall mean (a) no Event of Default has occurred and is continuing, and (b) the Applicable Ratings are at or above:

(1) AA- in the case of a Fitch Rating;
(2) Aa3 in the case of a Moody's Rating; and
(3) AA- in the case of a Standard & Poor's Rating

Rating Level II shall mean (a) no Event of Default has occurred and is continuing, (b) the Applicable Ratings are at or above:

(1) A+ in the case of a Fitch Rating;
(2) A1 in the case of a Moody's Rating; and
(3) A+ in the case of a Standard & Poor's Rating;

and, (c) Rating Level I is not in effect.

Rating Level III shall mean (a) no Event of Default has occurred and is continuing, (b) the Applicable Ratings are at or above:

(1) A in the case of a Fitch Rating;
(2) A2 in the case of a Moody's Rating; and
(3) A in the case of a Standard & Poor's Rating;

and, (c) neither Rating Level I nor Rating Level II is in effect.

Rating Level IV shall mean (a) no Event of Default has occurred and is continuing, (b) the Applicable Ratings are at or above:

(1) A- in the case of a Fitch Rating;
(2) A3 in the case of a Moody's Rating; and
(3) A- in the case of a Standard & Poor's Rating;

and, (c) none of Rating Level I, Rating Level II or Rating Level III is in effect.

Rating Level V shall mean (a) no Event of Default has occurred and is continuing, (b) the Applicable Ratings are at or above:

(1) BBB+ in the case of a Fitch Rating;
(2) Baa1 in the case of a Moody's Rating; and
(3) BBB+ in the case of a Standard & Poor's Rating;

and, (c) none of Rating Level I, Rating Level II, Rating Level III or Rating Level IV is in effect.

Rating Level VI shall mean (a) no Event of Default has occurred and is continuing, (b) the Applicable Ratings are at or above:

(1) BBB in the case of a Fitch Rating;
(2) Baa2 in the case of a Moody's Rating; and
(3) BBB in the case of a Standard & Poor's Rating;

and, (c) none of Rating Level I, Rating Level II, Rating Level III, Rating Level IV or Rating Level V is in effect.

Rating Level VII shall mean none of Rating Level I, Rating Level II, Rating Level III, Rating Level IV, Rating Level V, or Rating Level VI is in effect.

For the purposes of this Agreement, whenever a Rating Level is stated to be higher or lower than another Rating Level, the terms "higher" and "lower" shall be determined on the basis that the highest Rating Level is Rating Level I and the lowest Rating Level is Rating Level VII. If (a) there are three (3) Applicable Rating Agencies, the Borrower is split-rated and all three Ratings fall in different levels, the applicable Rating Level shall be equal to the middle Rating, and (b) there are three (3) Applicable Rating Agencies, the Borrower is split-rated and two (2) of the Ratings fall in the same level (the "Majority Level") and the third Rating is in a different level, the applicable Rating Level shall be equal to the Majority Level, and (c) there are only two (2) Applicable Rating Agencies, the applicable Rating Level shall be equal to the higher of such Ratings, provided that if the higher Rating is two (2) or more levels above the lower Rating, the applicable Rating Level shall be equal to the Rating next below the higher of the two Ratings. In each such case, the Applicable Facility Fee Rate and the Applicable Margin shall be determined by reference thereto.

"Regulations A, D, U and X" shall mean, respectively, Regulations A, D, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

"Regulatory Change" shall mean, with respect to any Lender, any change after the date of this Agreement in Federal, state or foreign law or regulations (including, without limitation, Regulation D) or the adoption, making or change in after such date of any interpretation, directive or request applying to a class of banks including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Requirement of Law" shall mean, as to any Person, any law (statutory or common), treaty, rule or regulation or final, nonappealable determination of an arbitrator or of a

Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"Standard and Poor's Rating" shall mean, as of any date of determination thereof, the rating currently in effect (including a non-rating) of Standard & Poor's relating to the non-credit enhanced long-term senior unsecured debt of the Borrower or, to the extent such rating is not available, one (1) rating level below Standard & Poor's rating for the Borrower's long-term senior secured debt.

"Subsidiary" shall mean any corporation, association, trust, or other business entity of which the Borrower (or where the context requires, Group) shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority (by number of votes) of the outstanding Voting Stock.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Lender).

"Synthetic Lease Obligation" means the monetary obligation of the Borrower or any of its Subsidiaries under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" shall have the meaning assigned to such term in Section 4.11(a).

"Term Loan Period" shall mean, in respect of each Loan, a period selected by the Borrower of not less than one (1) year; provided that no Term Loan Period shall extend beyond the Loan Maturity Date.

"Total Capitalization" means the sum of Funded Debt plus equity appearing on the consolidated balance sheet of the Borrower and its consolidated subsidiaries (including, without limitation, common equity, preferred stock and any such other equity classifications as may be permitted by generally accepted accounting principles), prepared as of the end of a fiscal quarter in accordance with generally accepted accounting principles consistent with those applied in the preparation of the Borrower's financial statements (other than as consolidated on the balance sheet of the Borrower and its Subsidiaries solely as a result of the operation of Financial Accounting Standards Board Interpretation No. 46R).

"Voting Stock" shall mean stock or similar interest of any class or classes (however designated), the holders of which are at the time entitled, as such holders, to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association, trust or other business entity involved, whether or not the right so to vote exists by reason of the happening of a contingency.

Section 1.02 Rules of Interpretation.

(a) A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement.

(b) The singular includes the plural and the plural includes the singular.

(c) A reference to any law includes any amendment or modification to such law.

(d) A reference to any Person includes its permitted successors and permitted assigns.

(e) Accounting terms not otherwise defined herein have the meanings assigned to them by generally accepted accounting principles applied on a consistent basis by the accounting entity to which they refer.

(f) The words "include," "includes" and "including" are not limiting.

(g) Reference to a particular "Section," refers to that section of this Agreement unless otherwise indicated.

(h) The words "herein," "hereof," "hereunder" and words of like import shall refer to this Agreement as a whole and not to any particular section or subdivision of this Agreement.

(i) Loans hereunder are distinguished by "Type". The "Type" of a Loan refers to whether such Loan is a Base Rate Loan or a Eurodollar Rate Loan, each of which constitutes a Type.

ARTICLE 2 - THE LOANS.

Section 2.01 Commitments to Lend.

Each of the Lenders severally agrees, on the terms of this Agreement (including, without limitation, Article 7), to make, simultaneously with the other Lenders, Loans in Dollars to the Borrower for a period commencing on the Agreement Effective Date and terminating on the earlier of the date which is four (4) years following the Agreement Effective Date or the termination in full of the Commitments of the Lenders pursuant to Article 8 or Section 4.01, on a revolving credit basis, at such times and, subject to Section 2.02 below, in such amounts as the Borrower may request up to but not exceeding in the aggregate the amount of such Lender's Commitment as in effect from time to time; provided that, in the case of any Borrowing the proceeds of which are to be used to repay the principal amount of any Loan Outstanding, the principal amount to be repaid of such Loans Outstanding shall not be taken into account to determine whether, after giving effect to such Borrowing, the aggregate principal amount of the Loans Outstanding exceeds the Lenders' Commitments. The aggregate principal amount (without duplication) of all Loans at any one time Outstanding shall not exceed the aggregate amount of the Commitments at such time. The Borrower shall, on any Business Day on which the then aggregate principal amount (without duplication) of all Loans then Outstanding exceed the aggregate amount of the Commitments at such time, make a mandatory prepayment of the Loans in any amount equal to such excess. Within the limits of the Commitment of each Lender, and subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow from such Lender from time to time for a period from the Agreement Effective Date to and including the earlier of the date which is four (4) years following the Agreement Effective Date or the termination in full of the Commitments of the Lenders pursuant to Article 8 or Section 4.01.

Section 2.02 Notice and Manner of Borrowing.

(a) The Borrower shall give written notice (or telephonic notice, promptly confirmed in writing) to the Agent prior to 10:00 a.m., New York, New York time (i) on the proposed Borrowing Date in the case of a Base Rate Loan and (ii) at least three (3) Eurodollar Business Days prior to the proposed Borrowing Date in the case of a Eurodollar Rate Loan, specifying (A) the Borrowing Date (which shall be a Business Day), (B) whether the requested Borrowing is of a Base Rate Loan or a Eurodollar Rate Loan, or any combination thereof as permitted under the terms of this Article 2, and the amount of each; (C) the Term Loan Period applicable to such Loan, and (D) in the case of each Eurodollar Rate Loan, the initial Interest Period applicable to each. Any notice delivered or given by the Borrower to the Agent as provided in this Section 2.02 shall be irrevocable and binding upon the Borrower upon receipt by the Agent. Each Borrowing shall be in the principal amount of $1,000,000 or any larger integral multiple of $1,000,000. The Agent shall give written or telephonic notice (confirmed in writing) to each of the Lenders promptly upon receipt of such notice.

(b) Each Borrowing under this Article 2 shall be made at the office of the Agent, at its address set forth in Schedule I hereto, by crediting the Borrower's general deposit account with the Agent in the amount thereof. If the Borrower delivers the notice of Borrowing to the Agent in accordance with the provisions of paragraph (a) of this Section 2.02, and if each of the other conditions precedent to the Borrowing have been satisfied, the proceeds of the Borrowing shall be available to the Borrower prior to 2:00 p.m., New York, New York time, on the

applicable Borrowing Date. Each of the Lenders shall, not later than noon, New York, New York time, on each Borrowing Date hereunder, make immediately available funds in Dollars in the amount of such Lender's Loan available to the Agent at the office of the Agent, at its address set forth in Schedule I hereto, for crediting to the Borrower's general deposit account with the Agent.

(c) The Borrower shall have the right, at any time and from time to time, to repay the Loans in whole or in part, without penalty or premium, upon not less than three (3) Business Days prior written notice (or telephonic notice promptly confirmed in writing) to the Agent, in the case of Eurodollar Rate Loans and same day written notice (or telephonic notice promptly confirmed in writing) to the Agent in the case of Base Rate Loans; provided that (i) each repayment shall be in the principal amount of $1,000,000 or any larger integral multiple of $1,000,000, or equal to the remaining principal balance outstanding under such Loan if such balance is less than $1,000,000, (ii) each partial prepayment shall be allocated among the Lenders, in proportion, as nearly as practicable, to the respective outstanding amount of each Lender's Loan, with adjustments to the extent practicable to equalize any prior prepayments not exactly in proportion, and (iii) in the event that the Borrower shall prepay any portion of any Eurodollar Rate Loan prior to the last day of the Interest Period relating thereto, the Borrower shall indemnify each of the Lenders in respect of such repayment in accordance with Section 4.09.

(d) Unless the Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with paragraph (b) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Borrowings of such Type and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

Section 2.03 Evidence of Indebtedness and Notes.

(a) Each Lender will maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender as a result of the Loans of such Lender, including the amounts of principal, interest and other amounts payable and paid to such Lender from time to time under this Agreement and the Notes. The entries made by each Lender pursuant to the foregoing sentence shall constitute *prima facie* evidence of the existence and amounts of the Loans; provided, however, that the failure of any Lender to maintain such account or accounts, or any error therein, shall not in any manner affect the obligations of the Borrower to repay or pay the Loan made by such Lender, accrued interest thereon and the other obligations of the Borrower to such Lender hereunder in accordance with the terms of this Agreement. Each Lender will advise the Borrower of the outstanding indebtedness hereunder to such Lender upon written request therefor.

(b) At the request of any Lender, the Borrower's obligation to pay the principal of, and interest on, the Loans made by such Lender shall be evidenced by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A hereto with blanks appropriately completed in conformity herewith (each, a "Note" and, collectively, the "Notes").

(c) The Note issued to any Lender shall (i) be payable to the order of such Lender, (ii) be dated as of the Agreement Effective Date, (iii) be in a stated maximum principal amount equal to the Commitment of such Lender, (iv) mature on the Loan Maturity Date, (v) bear interest as provided in this Agreement, and (vi) be entitled to the benefits of this Agreement and the other Loan Documents.

(d) Each Lender will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Notes endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make such notation shall not affect the Borrower's obligations in respect of such Loans.

Section 2.04 Mandatory Payment of Principal of Loans. The Borrower unconditionally promises to pay to the Agent for account of each Lender (i) the entire unpaid principal amount of such Lender's Loans Outstanding on the last day of the Term Loan Period applicable to each such Loan, plus all accrued and unpaid interest thereon, which payment may, subject to the provisions of this Agreement, be made with the proceeds of a new Borrowing or Borrowings under this Agreement, and (ii) the entire unpaid principal amount of each Lender's Loans Outstanding on the Loan Maturity Date plus all accrued and unpaid interest thereon and each Lender's Loans shall mature on the Loan Maturity Date.

Section 2.05 Interest on Loans.

(a) Each of the Loans shall bear interest at the following rates:

(i) To the extent that all or any portion of any Loan is a Base Rate Loan, such Loan or such portion shall bear interest at a rate per annum equal to the sum of (A) the Base Rate, plus (B) the Applicable Margin.

(ii) To the extent that all or any portion of any Loan is a Eurodollar Rate Loan, such Loan or such portion shall bear interest during each applicable Interest Period at a rate per annum equal to the sum of (A) the Eurodollar Rate, plus (B) the Applicable Margin.

The Borrower promises to pay interest on each Loan or any portion thereof Outstanding in arrears on (i) each Interest Payment Date applicable to such Loan and (ii) upon the payment or prepayment thereof or the Conversion thereof to a Loan of another Type (but only on the principal amount so paid, prepaid or Converted).

(b) After any Loan has been made, the Borrower will have the interest rate options described in Section 2.06 with respect to all or any part of such Loan.

(c) In no event shall the Borrower select Interest Periods and Types of Loans which would have the result that there shall be more than ten (10) different Interest Periods for Loans outstanding at the same time (for which purpose Interest Periods for Loans of different

Types shall be deemed to be different Interest Periods even if the Interest Periods begin and end on the same dates).

(d) The Agent shall give prompt notice to the Borrower of the applicable interest rate determined by the Agent for the purposes of Section 2.05(a)(i) or (ii).

(e) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Loans comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $1,000,000, such Loans shall automatically Convert into Base Rate Loans.

Section 2.06 Conversion Options.

(a) The Borrower may, subject to Section 4.04 and Section 4.05, elect from time to time to Convert all or any portion of any Loan to a Loan of another Type, provided that (i) with respect to any such Conversion of any Loan to a Base Rate Loan, the Borrower shall give the Agent one (1) Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of such election; (ii) in the event of any Conversion of a Eurodollar Rate Loan into a Loan of another Type prior to the last day of the Interest Period relating thereto, the Borrower shall indemnify each of the Lenders in respect of such Conversion in accordance with Section 4.09; (iii) with respect to any such Conversion of a Base Rate Loan to a Eurodollar Rate Loan, the Borrower shall give the Agent at least three (3) Eurodollar Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of such election; and (iv) no Loan may be Converted into a Eurodollar Rate Loan when any Default has occurred and is continuing. On the date on which such Conversion is being made each Lender may take such action, if any, as it deems desirable to transfer its Loan to its Domestic Lending Office or its Eurodollar Lending Office, as the case may be. All or any part of Loans of any Type may be Converted as provided herein, provided that partial Conversions shall be in an aggregate principal amount of $1,000,000 or any larger integral multiple of $1,000,000. Each Conversion Request relating to the Conversion of any Loan to a Eurodollar Rate Loan shall be irrevocable by the Borrower. The Agent shall notify the Lenders promptly of each such Conversion Request made by the Borrower.

(b) Eurodollar Rate Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Borrower with the notice provisions contained in Section 2.06(a); provided that no Eurodollar Rate Loan may be continued as such when any Default has occurred and is continuing, but shall be automatically Converted to a Base Rate Loan on the last day of the first Interest Period relating thereto ending during the continuance of any Default of which the officers of the Agent active upon the Borrower's account have actual knowledge. The Agent shall notify the Lenders promptly when any such automatic Conversion contemplated by this Section 2.06 is scheduled to occur.

(c) Any Conversion to or from Eurodollar Rate Loans shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of all Eurodollar Rate Loans having the same Interest Period shall not be less than $1,000,000 or any integral multiple of $1,000,000 in excess thereof.

(d) Except to the extent otherwise expressly provided herein, (i) each Borrowing of Loans from the Lenders hereunder, each Conversion or continuation of Loans of a particular

Type hereunder, each payment of fees hereunder, each termination or reduction of the amount of the Commitments hereunder, shall be effected pro rata among the Lenders in accordance with the amounts of their respective Commitments and (ii) each payment of interest on Loans by the Borrower shall be made for account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

Section 2.07 Several Obligations. The failure of any Lender to make any Loan to be made by it on the date specified therefor shall not relieve any other Lender of its obligation to make its Loan on such date, but neither any Lender nor the Agent shall be responsible for the failure of any other Lender to make a Loan to be made by such other Lender.

ARTICLE 3 - [INTENTIONALLY OMITTED].

ARTICLE 4 - CERTAIN GENERAL PROVISIONS.

Section 4.01 Facility Fee. The Borrower agrees to pay to the Agent for account of each of the Lenders a Facility Fee (the "Facility Fee") on the daily average amount of such Lender's Commitment (subject to the reduction by the Borrower of the Commitments in accordance with the provisions of this Section 4.01) whether or not such Commitment is utilized or, pursuant to Article 7, available for Borrowings, for the period from and including the Agreement Effective Date to but not including the earlier of the date such Lender's Commitment is terminated and the Loan Maturity Date, at a rate per annum equal to the Applicable Facility Fee Rate.

The Facility Fee shall be payable to the Agent for account of each Lender (a) quarterly in arrears on the last day of each February, May, August and November, commencing on August 31, 2006, and (b) on the earlier of (i) the date the Commitments are terminated in full and (ii) the Loan Maturity Date.

The Borrower shall have the right, exercisable at any time and from time to time, upon two (2) Business Days written notice to the Agent (or telephonic notice promptly confirmed in writing), to terminate in whole or reduce in part the Commitments; provided that each partial reduction of the Commitments shall be in an amount of $1,000,000 or integral multiples of $1,000,000 in excess thereof and applied to reduce the Commitments of the Lenders pro rata in accordance with their respective Commitments; and provided further that the Commitments may not be reduced to any amount less than the aggregate principal amount (without duplication) of all Loans Outstanding at the time of any such reduction.

Section 4.02 Funds for Payments.

(a) All payments of principal, interest, fees and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Agent, without counterclaim or setoff except as provided in Section 9.02, at the office of the Agent, at its address set forth in Schedule I hereto, for the respective accounts of the Lenders, in immediately available funds, not later than 2:00 p.m., New York, New York time, on the due date therefor. Any payment received by the Agent after 2:00 p.m., New York, New York time, shall be deemed to have been received on the next succeeding Business Day. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or fees ratably (other than amounts payable pursuant to Sections 4.06, 4.07, 4.09, 4.11,

Article 11 and Article 12) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement; provided that, for the purpose of calculating any Lender's pro rata share of any payment hereunder, payments to each such Lender shall include any amounts set off by the Borrower against such Lender pursuant to Section 9.02.

(b) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender, together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

Section 4.03 Computations. All computations of interest based on the Agent's base rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Except as otherwise provided in the definition of the term "Interest Period" with respect to any Eurodollar Rate Loan, whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest on any principal so extended shall accrue during such extension.

Section 4.04 Inability to Determine Eurodollar Rate. In the event, prior to the commencement of any Interest Period relating to any Eurodollar Rate Loans, the Agent shall determine or be notified by the Majority Lenders that adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate that would otherwise determine the rate of interest to be applicable to any Eurodollar Rate Loans, as the case may be, or that the Eurodollar Rate will not adequately reflect the cost to the Majority Lenders of making, funding or maintaining their Eurodollar Rate Loans, during any Interest Period, the Agent shall forthwith give notice of such determination (which shall be conclusive and binding on the Borrower and the Lenders) to the Borrower and the Lenders. In such event (a) any Conversion Request with respect to Eurodollar Rate Loans shall be automatically withdrawn and any Conversion Request shall be deemed a request for a Base Rate Loan, (b) each Eurodollar Rate Loan will automatically, on the last day of the then current Interest Period thereof, become a Base Rate Loan, and (c) the obligations of the Lenders to make Eurodollar Rate Loans shall be suspended until the Agent or the Majority Lenders determine that the circumstances giving rise to such suspension no longer exist, whereupon the Agent or, as the case may be, the Agent upon the instruction of the Majority Lenders, shall so notify the Borrower and the Lenders.

Section 4.05 Illegality. Notwithstanding any other provisions herein, if any present or future law, regulation, treaty or directive or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Rate Loans, such Lender shall

forthwith give notice of such circumstances to the Borrower and the other Lenders and thereupon (a) the commitment of such Lender to make Eurodollar Rate Loans or Convert any portion of the Loans of another Type to a Eurodollar Rate Loan shall forthwith be suspended, and (b) such Lender's portion of the Loans then outstanding as Eurodollar Rate Loans, if any, shall be Converted automatically to Base Rate Loans on the last day of each Interest Period applicable to each such Eurodollar Rate Loan or within such earlier period as may be required by law. Notwithstanding anything contained in this Section 4.05 to the contrary, in the event that any Lender is unable to make or maintain a Eurodollar Rate Loan as set forth in this Section 4.05, such Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate an alternative Eurodollar Lending Office so as to avoid such inability.

Section 4.06 Additional Costs. If any present or future applicable law, which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any Lender or the Agent by any central bank or other fiscal, monetary or other authority (whether or not having the force of law), shall:

(a) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of an office of any Lender (including without limitation the Commitments of such Lender hereunder), or

(b) impose on any Lender or the Agent any other conditions or requirements with respect to this Agreement, the other Loan Documents, the Loans or any class of loans of which the Loans form a part or the Commitment of such Lender hereunder, and the result of any of the foregoing is:

(i) to increase the cost or reduce the return to any Lender of making, funding, issuing, renewing, extending or maintaining the Eurodollar Rate Loans or maintaining its Commitment, or

(ii) to reduce the amount of principal, interest or other amount payable to such Lender hereunder on account of the Eurodollar Rate Loans, or

(iii) to require such Lender to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Lender from the Borrower hereunder,

then, and in each such case, the Borrower will, upon demand made by such Lender at any time and from time to time and as often as the occasion therefor may arise, pay to such Lender such additional amounts as will be sufficient to compensate such Lender for such additional cost, reduction, payment or foregone interest or other sum. Notwithstanding anything contained in this Section 4.06 to the contrary, upon the occurrence of any event set forth in this Section 4.06

with respect to any Lender, such affected Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate an alternative Applicable Lending Office so as to avoid the effect of such event set forth in this Section 4.06.

Section 4.07 Capital Adequacy. If any present or future law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction affects the amount of capital required or expected to be maintained by any Lender or any corporation controlling such Lender due to the existence of its Commitment or Loans, as the case may be, and such Lender determines that the result of the foregoing is to increase the cost or reduce the return to such Lender of making or maintaining its Commitment or Loans, then such Lender may notify the Borrower of such fact. To the extent that the costs of such increased capital requirements are not reflected in the Base Rate, the Eurodollar Rate and/or the Facility Fee, the Borrower and such Lender shall thereafter attempt to negotiate in good faith, within thirty (30) days of the day on which the Borrower receives such notice, an adjustment payable hereunder that will adequately compensate such Lender in light of these circumstances, and in connection therewith, such Lender will provide to the Borrower reasonably detailed information regarding the increase of such Lender's costs. If the Borrower and such Lender are unable to agree to such adjustment within thirty (30) days of the date on which the Borrower receives such notice, then commencing on the date of such notice (but not earlier than the effective date of any such increased capital requirement), the interest and/or the Facility Fee payable hereunder shall increase by an amount that will, in such Lender's reasonable determination, provide adequate compensation. Each Lender agrees that amounts claimed pursuant to this Section 4.07 shall be made in good faith and on an equitable basis.

Section 4.08 Certificate. Any Lender claiming any additional amounts pursuant to Section 4.06, Section 4.07 or Section 4.09, as the case may be, shall provide to the Agent and the Borrower a certificate setting forth such additional amounts payable pursuant to Section 4.06, Section 4.07 or Section 4.09, as the case may be, and a reasonable explanation of such amounts which are due. Such certificate shall be conclusive, absent manifest error, that such amounts are due and owing.

Section 4.09 Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from and against any loss, cost or expense (including any such loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain its Eurodollar Rate Loan) that such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment of the principal amount of or any interest on any Eurodollar Rate Loan as and when due and payable, (b) default by the Borrower in making a repayment after the Borrower has given a notice of repayment pursuant to Section 2.02(c), (c) default by the Borrower in making a Borrowing after the Borrower has given (or is deemed to have given) a notice of Borrowing pursuant to Section 2.02 or a Conversion Request pursuant to Section 2.06, or (d) the making of any payment of principal of a Eurodollar Rate Loan or the making of any Conversion of any such Eurodollar Rate Loan to a Base Rate Loan on a day that is not the last day of the applicable Interest Period with respect thereto, including interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain any such Eurodollar Rate Loans.

Section 4.10 Interest on Overdue Amounts. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable

hereunder or under any of the Notes shall bear interest payable on demand at a rate per annum equal to two percent (2%) above the Base Rate until such amount shall be paid in full (after, as well as before, judgment).

Section 4.11 Taxes.

(a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other Loan Documents shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes or any of the other Loan Documents being referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or any other Loan Documents to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.11) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or any other Loan Documents or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 4.11) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within thirty (30) days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within thirty (30) days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Article 15, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent. In the case of any payment hereunder or under the Notes or any other Loan Documents by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to

furnish, to the Agent, at such address, an opinion of counsel reasonably acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each initial Lender and on the date on which it becomes a Lender pursuant to an assignment contemplated herein in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date upon which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in Section 4.11(e) (other than if such failure is due to a change in law, or in the interpretation or application thereof, occurring subsequent to the date on which a form, certificate or other document originally was required to be provided, or if such form, certificate or other document otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 4.11 (a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Notwithstanding anything to the contrary contained in this Section 4.11, if a Lender is a conduit entity participating in a conduit financing arrangement (as defined in Section 7701(l) of the Code and the Treasury Regulations issued thereunder) with respect to any payments made by the Borrower under this Agreement, the Notes or any of the other Loan Documents, the Borrower shall not be obligated to pay additional amounts to such Lender pursuant to this Section 4.11 to the extent that the United States Taxes payable by such Lender

exceeds the amount that would have otherwise been payable if such Lender were not a conduit entity participating in a conduit financing arrangement.

(h) No Lender will be entitled to indemnification under Section 4.11(a) or (c) with respect to Taxes to the extent that such Taxes would not be required to be paid but for the failure of any form provided by such Lender pursuant to Section 4.11(e) to be accurate and true, unless such failure (i) is immaterial and does not impact the effectiveness of such form, (ii) has been corrected prior to payment of Taxes by providing the Borrower with an effective form, or (iii) would not have occurred but for (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement), or (y) a change in tax law.

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Lenders and the Agent as follows:

Section 5.01 Corporate Authority.

(a) Incorporation; Good Standing. The Borrower (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, (ii) has all requisite corporate power to own its property and conduct its business as now conducted, and (iii) is in good standing as a foreign corporation and is duly authorized to do business in each jurisdiction where such qualification is necessary except where a failure to be so qualified would not have a material adverse effect on the business, assets or financial condition of the Borrower.

(b) Authorization. The execution, delivery and performance of this Agreement and the other Loan Documents to which the Borrower is or is to become a party and the transactions contemplated hereby and thereby (i) are within the corporate authority of the Borrower, (ii) have been duly authorized by all necessary corporate proceedings, (iii) do not conflict with or result in any breach or contravention of any provision of any law, statute, rule or regulation to which the Borrower is subject or any material judgment, order, writ, injunction, license or permit applicable to the Borrower, except where any such conflict, breach, or contravention would not have a material adverse effect on the business, properties or financial condition of the Borrower, a material adverse effect on the ability of the Borrower to perform its obligations under the Loan Documents or a material adverse effect on the validity or enforceability of the Loan Documents, it being understood that the aggregate principal amount of the Loans and all other applicable indebtedness, equity securities and all other liabilities and obligations as guarantor, endorser or surety of the Borrower at any one time outstanding will not exceed the applicable limits authorized by the FPSC Financing Order, and (iv) do not conflict with any provision of the Restated Articles of Incorporation of the Borrower, as amended, or Bylaws, as amended, of, or any material agreement or other material instrument binding upon, the Borrower, it being understood that the aggregate principal amount of the Loans and all other unsecured indebtedness of the Borrower at any one time outstanding will not exceed the limits set forth in the Restated Articles of Incorporation of the Borrower, as amended. This Agreement and each other Loan Document to which the Borrower is a party have been duly executed and delivered by the Borrower.

(c) Enforceability. The execution and delivery of this Agreement and the other Loan Documents to which the Borrower is or is to become a party will result in valid and legally binding obligations of the Borrower enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally and general principles of equity.

Section 5.02 Governmental Approvals. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents to which the Borrower is or is to become a party and the transactions contemplated hereby and thereby do not require the approval or consent of, or filing with, any governmental agency or authority, except those which have been obtained on or prior to the date hereof, it being understood that the aggregate principal amount of the Loans and all other applicable indebtedness, equity securities and all other liabilities and obligations as guarantor, endorser or surety of the Borrower at any one time outstanding will not exceed the applicable limits authorized by the FPSC Financing Order.

Section 5.03 Title to Properties. The Borrower or one of its consolidated subsidiaries owns all of the assets reflected as the Borrower's assets in the consolidated balance sheet of the Borrower as at December 31, 2005 referred to in Section 5.04 or acquired since that date (except property and assets sold or otherwise disposed of in the ordinary course of business or as otherwise permitted pursuant to the provisions of this Agreement since that date and except for such assets owned from time to time by any entity whose assets are consolidated on the balance sheet of the Borrower and its Subsidiaries solely as a result of the operation of Financial Accounting Standards Board Interpretation No. 46R), subject to no Liens, except for such matters set forth in Schedule 5.03 hereto or otherwise permitted pursuant to the provisions of this Agreement.

Section 5.04 Financial Statements. The Borrower's annual report on Form 10-K, as amended by its report on Form 10-K/A, for the period ended December 31, 2005, includes the consolidated balance sheet of the Borrower and its subsidiaries as at such date and related consolidated income statements of the Borrower and its subsidiaries, for the fiscal period then ended, and have been certified by the Borrower's independent public accountants. The financial statements of the Borrower included as a part of such annual report have been prepared in accordance with generally accepted accounting principles and present fairly the consolidated financial position and results of operations of the Borrower at the respective dates and for the respective periods to which they apply. As of the Agreement Effective Date, there has been no material adverse change in the business or financial condition of the Borrower since December 31, 2005, except as set forth in Schedule 5.04.

Section 5.05 Franchises, Patents, Copyrights Etc. The Borrower possesses all material franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted and, except where in any such case any such conflict would not have a material adverse effect on the business, properties or financial condition of the Borrower, without known conflict with any rights of others.

Section 5.06 Litigation. Except as described in Schedule 5.06 hereto, as of the Agreement Effective Date, there is no litigation or other legal proceedings pending, or, to the knowledge of the Borrower, threatened against the Borrower that if determined adversely to the

Borrower could reasonably be expected to have a material adverse effect on the business, properties or financial condition of the Borrower or to materially impair the right of the Borrower to carry on its business substantially as now conducted by it. There is no litigation or other legal proceedings pending, or, to the knowledge of the Borrower, threatened against the Borrower that if determined adversely to the Borrower could reasonably be expected to question the validity of this Agreement or any of the other Loan Documents or any actions taken or to be taken pursuant hereto or thereto.

Section 5.07 Compliance With Other Instruments, Laws, Etc. The Borrower is not in violation of any provision of its charter documents, bylaws, or any agreement or instrument to which it is subject or by which it or any of its properties is bound or any material decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that would materially and adversely affect the financial condition, properties or business of the Borrower.

Section 5.08 Tax Status. The Borrower has, directly or through Group, (a) prepared and, giving effect to all proper extensions, timely filed all federal and state income tax returns and, to the best knowledge of the Borrower, all other material tax returns, reports and declarations required by any applicable jurisdiction to which the Borrower is legally subject, which, giving effect to all proper extensions, were required to be filed prior to the Agreement Effective Date, (b) paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, and (c) to the extent deemed necessary or appropriate by the Borrower, set aside on its books provisions reasonably adequate for the payment of all known taxes for periods subsequent to the periods to which such returns, reports or declarations apply.

Section 5.09 No Default. No Default has occurred and is continuing.

Section 5.10 Holding Company and Investment Company Acts. The Borrower is not a "holding company" or a "service company" as defined in the Public Utility Holding Company Act of 2005 (the "Holding Company Act") and the implementing regulations of the Federal Energy Regulatory Commission ("FERC"), but is an "affiliate" or "subsidiary" of a "holding company," as such terms are defined in the Holding Company Act and the implementing regulations of the FERC. Group is a "holding company" as defined in the Holding Company Act and the implementing regulations of the FERC. The Borrower is not an "investment company", or an "affiliated company" or a "principal underwriter" of an "investment company", as such terms are defined in the Investment Company Act of 1940.

Section 5.11 Employee Benefit Plans.

(a) In General. Each Employee Benefit Plan sponsored by the Borrower or its Subsidiaries has been maintained and operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions.

(b) Terminability of Welfare Plans. Under each Employee Benefit Plan sponsored by the Borrower or its Subsidiaries which is an employee welfare benefit plan within the meaning of §3(1) or §3(2)(B) of ERISA, no benefits are due unless the event giving rise to

the benefit entitlement occurs prior to plan termination (except as required by Title I, Part 6 of ERISA). The Borrower may terminate each such plan at any time (other than a plan that provides benefits pursuant to a collective bargaining agreement) in the discretion of the Borrower or its Subsidiaries without liability to any Person.

(c) Guaranteed Pension Plans. As of the Agreement Effective Date, each contribution required to be made to a Guaranteed Pension Plan by the Borrower or an ERISA Affiliate, whether required to be made to avoid the incurrence of an accumulated funding deficiency, the notice or lien provisions of §302(f) of ERISA, or otherwise, has been timely made. As of the Agreement Effective Date, no waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. As of the Agreement Effective Date, no liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan and, except as set forth in Schedule 5.11(c) hereto, there has not been any ERISA Reportable Event which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation), and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of §4001 of ERISA did not exceed the aggregate value of the assets of all such Guaranteed Pension Plans, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities, by more than $500,000.

(d) Multiemployer Plans. Neither the Borrower nor any ERISA Affiliate has incurred any material unpaid liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under §4201 of ERISA or as a result of a sale of assets described in §4204 of ERISA. Neither the Borrower nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or insolvent under and within the meaning of §4241 or §4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under §4041A of ERISA.

Section 5.12 Use of Proceeds of Loans. The proceeds of the Loans shall be used for the general corporate purposes of the Borrower, including, without limitation, to provide working capital and to finance capital expenditures.

The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "'margin stock" (within the meaning of Regulation U or Regulation X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan hereunder will be used to purchase or carry any "margin stock," to extend credit to others for the purpose of purchasing or carrying any "margin stock" or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of Regulation U or Regulation X. In addition, not more than 25% of the value (as determined by any reasonable method) of the assets of the Borrower consists of margin stock.

ARTICLE 6 - COVENANTS OF THE BORROWER.

The Borrower covenants and agrees that, so long as any portion of the Loans, any Note or any Commitment is outstanding:

Section 6.01 Punctual Payment. The Borrower will duly and punctually pay or cause to be paid (a) the principal and interest on the Loans, and (b) the fees provided for in this Agreement.

Section 6.02 Maintenance of Office. The Borrower will maintain its chief executive office at 700 Universe Boulevard, Juno Beach, Florida 33408-8801, or at such other place in the United States of America as the Borrower shall designate upon written notice to the Agent, where notices, presentations and demands to or upon the Borrower in respect of the Loan Documents may be given or made.

Section 6.03 Records and Accounts. The Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with generally accepted accounting principles and (b) to the extent deemed necessary or appropriate by the Borrower, maintain adequate accounts and reserves for all taxes (including income taxes), depreciation, depletion, obsolescence and amortization of its properties and the properties of its Subsidiaries, contingencies, and other reserves.

Section 6.04 Financial Statements, Certificates and Information. The Borrower will deliver to each of the Lenders, which, for the purposes of this Section 6.04, may be made available electronically by the Borrower as provided below:

(a) as soon as practicable, but in any event not later than one hundred twenty (120) days after the end of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its subsidiaries as at the end of such year, and the related consolidated statements of income and consolidated statements of cash flows for such year, each setting forth in comparative form the figures for the previous fiscal year or year-end, as applicable, and all such consolidated statements to be prepared in accordance with generally accepted accounting principles, and certified by Deloitte & Touche or by other independent public accountants reasonably satisfactory to the Agent. The Agent and each of the Lenders hereby agree that the foregoing requirement shall be satisfied by delivery to each of the Lenders of the Borrower's annual report on Form 10-K for the period for which such financial statements are to be delivered, together with a written statement from the principal financial or accounting officer, Treasurer or Assistant Treasurer of the Borrower to the effect that such officer has read a copy of this Agreement, and that, in making the examination necessary to said certification, he or she has obtained no knowledge of any Default, or, if such officer shall have obtained knowledge of any then existing Default, he or she shall disclose in such statement any such Default; provided that such officer shall not be liable to the Agent or the Lenders for failure to obtain knowledge of any Default;

(b) as soon as practicable, but in any event not later than sixty (60) days after the end of each of the first three (3) fiscal quarters of the Borrower, copies of the unaudited consolidated balance sheet of the Borrower and its subsidiaries as at the end of such quarter, and the related consolidated statements of income and consolidated statements of cash flows for the portion of the fiscal year to which they apply, all prepared in accordance with generally accepted accounting principles, together with a certification by the principal financial or accounting officer, Treasurer or Assistant Treasurer of the Borrower that the information contained in such financial statements fairly presents the financial position of the Borrower and its Subsidiaries as of the end of such quarter (subject to year-end adjustments). The Agent and each of the Lenders hereby agree that the foregoing requirement shall be satisfied by delivery to

each of the Lenders of the Borrower's quarterly report on Form 10-Q for the period for which such financial statements are being delivered, together with a written statement from the principal financial or accounting officer, Treasurer or Assistant Treasurer of the Borrower to the effect that such officer has read a copy of this Agreement, and that, in making the examination necessary to said certification, he or she has obtained no knowledge of any Default, or, if such officer has obtained knowledge of any then existing Default, he or she shall disclose in such statement any such Default; provided that such officer shall not be liable to the Agent or the Lenders for failure to obtain knowledge of any Default;

(c) contemporaneously with the filing or mailing thereof, copies of all material of a financial nature filed by the Borrower with the Securities and Exchange Commission;

(d) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator of the type described in Section 5.06 to which the Borrower is a party or its properties are subject; and

(e) from time to time such other financial data and information as the Agent or any Lender may reasonably request.

Reports or financial information required to be delivered pursuant to this Section 6.04 shall, to the extent any such financial statements, reports, proxy statements or other materials are included in materials otherwise filed with the Securities Exchange Commission, be deemed to be delivered hereunder on the date of such filing, and may be delivered electronically and if so, shall be deemed to have been delivered on the date on which the Borrower gives notice to the Agent (who shall then give notice to the Lenders) that the Borrower has posted such report or financial information or provides a link thereto on the Borrower's website on the Internet or on Intralinks or a substantially similar transmission system to which access is available to the Agent and the Lenders.

Section 6.05 Notices.

The Borrower will promptly notify the Agent in writing of the occurrence of any Default of which the principal financial or accounting officer, Treasurer or Assistant Treasurer of the Borrower has actual knowledge or notice. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or any other note, evidence of indebtedness, indenture or other obligation for borrowed money to which or with respect to which the Borrower is a party or obligor, whether as principal or surety, the Borrower shall forthwith give written notice thereof to the Agent, describing the notice or action and the nature of the claimed default.

Section 6.06 Corporate Existence: Maintenance of Properties. The Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence (except as otherwise expressly permitted by the first sentence of Section 6.11), and will do or cause to be done all things commercially reasonable to preserve and keep in full force and effect its franchises; and the Borrower will (a) cause all of its properties used and useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, and (b) cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrower may be necessary, so that the business carried on in connection therewith may

be properly and advantageously conducted at all times; provided that nothing in this Section 6.06 shall prevent the Borrower from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the sole judgment of the Borrower, desirable in the conduct of its business and does not in the aggregate materially adversely affect the business, properties or financial condition of the Borrower; provided that nothing in this Section 6.06 shall affect or impair in any manner the ability of the Borrower to sell or dispose of all or any portion of its property and assets (including, without limitation, its shares in any Subsidiary or all or any portion of the property or assets of any Subsidiary); and provided further that, in the event of any loss or damage to its property or assets, the Borrower shall only be obligated to repair, replace or restore any such property or assets if the Borrower has determined that such repair, replacement or restoration is necessary or appropriate and any such repair, replacement and/or restoration may be effected by the Borrower in such time period and in the manner it deems appropriate.

Section 6.07 Taxes. The Borrower will duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all material taxes, assessments and other governmental charges (other than taxes, assessments and other governmental charges imposed by foreign jurisdictions that in the aggregate are not material to the business or assets of the Borrower) imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property; provided that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and, to the extent that the Borrower deems necessary, the Borrower shall have set aside on its books adequate reserves with respect thereto; and provided further that the Borrower will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any lien that may have attached as security therefor.

Section 6.08 Visits by Lenders. The Borrower shall permit the Lenders, through the Agent or any of the Lenders' other designated representatives, to visit the properties of the Borrower and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by, its officers, upon reasonable notice and all at such reasonable times and intervals as the Agent or any Lender may reasonably request.

Section 6.09 Compliance with Laws, Contracts, Licenses, and Permits. The Borrower will comply with (a) the laws and regulations applicable to the Borrower (including, without limitation, ERISA) wherever its business is conducted, (b) the provisions of its charter documents and by-laws, (c) all agreements and instruments by which it or any of its properties may be bound, and (d) all decrees, orders, and judgments applicable to the Borrower, except where in any such case the failure to comply with any of the foregoing would not materially adversely affect the business, property or financial condition of the Borrower. If at any time while any portion of the Loans, any Note or any Commitment is outstanding, any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that the Borrower may fulfill any of its obligations hereunder or under any other Loan Document, the Borrower will immediately take or cause to be taken all reasonable steps within the power of the Borrower to obtain such authorization, consent, approval, permit or license and furnish the Agent with evidence thereof.

Section 6.10 Use of Proceeds. The Borrower will use the proceeds of the Loans solely for the purposes described in Section 5.12.

Section 6.11 Prohibition of Fundamental Changes. The Borrower will not consummate any transaction of merger or consolidation or amalgamation, or liquidation or dissolution; provided that the Borrower may merge, consolidate or amalgamate with any other Person if (a) either (i) the Borrower is the surviving corporation or (ii) such Person (x) assumes, by an instrument in form and substance reasonably satisfactory to the Majority Lenders, all of the obligations of the Borrower under the Loan Documents, and (y) has a non-credit enhanced long-term senior unsecured debt rating of at least BBB- by Standard & Poor's or Baa3 by Moody's, and (b) after giving effect thereto no Default would exist hereunder. The Borrower will not convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its business or assets, whether now owned or hereafter acquired, to any other Person unless (a) such Person assumes, by an instrument in form and substance reasonably satisfactory to the Majority Lenders, all of the obligations of the Borrower under the Loan Documents and (b) after giving effect thereto no Default would exist hereunder.

Section 6.12 Rating Agencies. The Borrower will at all times during the term of this Agreement employ at least two (2) Rating Agencies for the purpose of rating the Borrower's non-credit enhanced long-term senior unsecured debt or, to the extent such rating is not available, the Borrower's long-term senior secured debt, one of which must be either Moody's or Standard & Poor's.

Section 6.13 Indebtedness. The Borrower will insure that all obligations of the Borrower under this Agreement and the other Loan Documents rank and will rank at least pari passu in respect of priority of payment by the Borrower and priority of lien, charge or other security in respect of assets of the Borrower with all other unsecured loans, debts, guarantees or other obligations for money borrowed of the Borrower without any preference one above the other by reason of priority of date incurred, currency of payment or otherwise, except as permitted pursuant to the provisions of Section 6.14.

Section 6.14 Liens. The Borrower will not create any Lien upon or with respect to any of its properties, or assign any right to receive income, in each case to secure or provide for the payment of any debt of any Person, other than:

(i) purchase money liens or purchase money security interests upon or in any property acquired by the Borrower in the ordinary course of business to secure the purchase price or construction cost of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property or construction of improvements on such property;

(ii) Liens existing on property acquired by the Borrower at the time of its acquisition, provided that such Liens were not created in contemplation of such acquisition and do not extend to any assets other than the property so acquired;

(iii) Liens securing Nonrecourse Indebtedness created for the purpose of financing the acquisition, improvement or construction of the property subject to such Liens;

(iv) the replacement, extension or renewal of any Lien permitted by clauses (i), (ii) or (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in the direct or indirect obligor) of the indebtedness secured thereby;

(v) Liens upon or with respect to margin stock;

(vi) (a) deposits or pledges to secure payment of workers' compensation, unemployment insurance, old age pensions or other social security; (b) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of money) or leases, public or statutory obligations, surety or appeal bonds or other deposits or pledges for purposes of like general nature in the ordinary course of business; (c) Liens for property taxes not delinquent and Liens for taxes which in good faith are being contested or litigated and, to the extent that the Borrower deems necessary, the Borrower shall have set aside on its books adequate reserves with respect thereto; (d) mechanics', carriers', workmen's, repairmen's or other like Liens arising in the ordinary course of business securing obligations which are not overdue for a period of sixty (60) days or more or which are in good faith being contested or litigated and, to the extent that the Borrower deems necessary, the Borrower shall have set aside on its books adequate reserves with respect thereto; and (e) other matters described in Schedule 5.03;

(vii) the Lien of the Borrower's First Mortgage, any other Liens, charges or encumbrances permitted thereunder from time to time, and any other Lien or Liens upon all or any portion of the property or assets which are subject to the Lien of the First Mortgage;

(viii) any Liens securing any pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue bonds or other taxable or tax-exempt bonds or similar obligations issued by or on behalf of the Borrower from time to time, and any Liens given to secure any refinancing or refunding of any such obligations; and

(ix) any other Liens or security interests (other than Liens or security interests described in clauses (i) through (viii), inclusive), if the aggregate principal amount of the indebtedness secured by all such Liens and security interests (without duplication) does not exceed $50,000,000 at any one time outstanding;

provided that the aggregate principal amount of the indebtedness secured by the Liens described in clauses (i) through (iii) above, inclusive, shall not exceed the greater of the aggregate fair value, the aggregate purchase price or the aggregate construction cost, as the case may be, of all properties subject to such Liens.

Section 6.15 Maintenance of Insurance. The Borrower shall maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar

properties in the same general areas in which the Borrower operates; provided, however, that the Borrower may self-insure (which may include the establishment of reserves, allocation of resources, establishment of credit facilities and other similar arrangements) to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower operates and to the extent consistent with prudent business practice.

Section 6.16 Employee Benefit Plans. The Borrower will not:

(a) engage in any non-exempt "prohibited transaction" within the meaning of §406 of ERISA or §4975 of the Code which could result in a material liability for the Borrower; or

(b) permit any Guaranteed Pension Plan sponsored by the Borrower or its Subsidiaries to incur an "accumulated funding deficiency", as such term is defined in §302 of ERISA, whether or not such deficiency is or may be waived; or

(c) fail to contribute to any Guaranteed Pension Plan sponsored by the Borrower or its Subsidiaries to an extent which, or terminate any Guaranteed Pension Plan sponsored by the Borrower or its Subsidiaries in a manner which, could result in the imposition of a lien or encumbrance on the assets of the Borrower or any of its Subsidiaries pursuant to §302(f) or §4068 of ERISA; or

(d) permit or take any action which would result in the aggregate benefit liabilities (within the meaning of §4001 of ERISA) of Guaranteed Pension Plans sponsored by the Borrower or its Subsidiaries exceeding the value of the aggregate assets of such plans, disregarding for this purpose the benefit liabilities and assets of any such plan with assets in excess of benefit liabilities, by more than the amount set forth in Section 5.11(c). For purposes of this covenant, poor investment performance by any trustee or investment management of a Guaranteed Pension Plan shall not be considered as a breach of this covenant.

Section 6.17 Financial Covenant. The Borrower shall maintain a ratio of (i) Funded Debt as of the end of the most recently ended fiscal quarter to (ii) Total Capitalization as of the end of the most recently ended fiscal quarter of not greater than 0.65:1.00. Notwithstanding anything herein to the contrary, for the purpose of calculating "Funded Debt" and "Total Capitalization":

(a) Funded Debt of the Borrower or any of its Subsidiaries, recourse for which is limited to specific assets of the Borrower and/or any of its Subsidiaries ("Nonrecourse Indebtedness"), shall not be taken into effect; and

(b) "Funded Debt" shall not include any Equity - Preferred Securities of the Borrower or any of its Subsidiaries; *provided that* the aggregate amount of Equity - Preferred Securities excluded from Funded Debt for the purposes hereof shall not exceed fifteen percent (15%) of Total Capitalization as of the date of any determination thereof.

ARTICLE 7 - CONDITIONS PRECEDENT.

The effectiveness of this Agreement and the obligations of the Lenders to make any Loan shall be subject to the satisfaction of the following conditions precedent:

Section 7.01 Conditions Precedent to Effectiveness. The effectiveness of this Agreement and the obligation of any Lender to make its initial Loan hereunder is subject to the following conditions precedent, each of which shall have been met or performed in the reasonable opinion of the Agent:

(a) Loan Documents. Each of the Loan Documents shall have been duly executed and delivered by the respective parties thereto; provided that no Note shall be issued to any Lender hereunder unless specifically requested by such Lender in writing to the Borrower.

(b) Notice of Agreement Effective Date. The Borrower shall have notified the Agent and each of the Lenders in writing as to the proposed Agreement Effective Date.

(c) Corporate Action. All corporate action necessary for the valid execution, delivery and performance by the Borrower of this Agreement; and each other Loan Document to which it is a Party shall have been duly and effectively taken, and evidence thereof satisfactory to the Lenders shall have been provided to each of the Lenders.

(d) Incumbency Certificate. Each of the Lenders shall have received from the Borrower an incumbency certificate, dated as of the Agreement Effective Date, signed by a duly authorized officer of the Borrower, and giving the name and bearing a specimen signature of each individual who shall be authorized: (a) to sign, in the name and on behalf of the Borrower, each of the Loan Documents to which it is a party, (b) in the case of the Borrower, to make requests for Borrowings and Conversion Requests, and (c) to give notices and to take other action on its behalf under the Loan Documents.

(e) Opinion of Counsel. Each of the Lenders and the Agent shall have received a favorable opinion addressed to the Lenders and the Agent, dated as of the Agreement Effective Date, substantially in the form of (i) Exhibit B-1 attached hereto, from Squire, Sanders & Dempsey L.L.P., counsel to the Borrower, and (ii) Exhibit B-2 attached hereto, from regulatory counsel to the Borrower (and the Borrower hereby instructs each such counsel to deliver such opinion to the Lenders and the Agent).

(f) Representations True: No Default. Each of the Lenders shall have received from the Borrower a certificate dated as of the Agreement Effective Date in the form of Exhibit C hereto.

(g) No Legal Impediment. No change shall have occurred in any law or regulations thereunder or interpretations thereof that in the reasonable opinion of any Lender would make it illegal for such Lender to make any Loan.

(h) Governmental Regulation. Each Lender shall have received such statements in substance and form reasonably satisfactory to such Lender as such Lender shall require for the purpose of compliance with any applicable regulations of the Comptroller of the Currency or the Board of Governors of the Federal Reserve System.

(i) Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement, the other Loan Documents and all other documents incident thereto shall be satisfactory in substance and in form to the Lenders and to counsel for the Agent and the Lenders, and such counsel shall have received all information and such counterpart originals or certified or other copies of such documents as the Agent may reasonably request.

(j) Payment of Fees and Expenses. The Borrower shall have paid all accrued fees and expenses of the Agent (including the accrued fees and expenses of counsel to the Agent).

Section 7.02 Each Loan. The obligation of each Lender to make each Loan pursuant to Section 2.01 herein is subject to the following conditions precedent, each of which shall have been met or performed by the Borrowing Date with respect to each such Loan:

(a) Notice of Borrowing. The Borrower shall have delivered to the Agent the notice of Borrowing provided for in Section 2.02.

(b) No Default. (i) No Default shall have occurred and be continuing or will occur upon the making of the Loan on such Borrowing Date, and each of the representations and warranties contained in this Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with this Agreement shall be true in all material respects as of the time of the making of such Loan, with the same effect as if made at and as of that time (except to the extent that such representations and warranties relate expressly to an earlier date), and (ii) a certificate to this effect shall have been issued to the Agent on such Borrowing Date by the Borrower's chief financial officer, Treasurer or Assistant Treasurer.

Section 7.03 Determinations Under Section 7.01. For purposes of determining compliance with the conditions specified in Section 7.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Agent and the Lenders, designates as the proposed Agreement Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Agreement Effective Date.

ARTICLE 8 - EVENTS OF DEFAULT, ACCELERATION, ETC.

Section 8.01 Events of Default and Acceleration. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment; or

(b) the Borrower shall fail to pay any interest on any Loan, any fees or other sums due hereunder or under any of the other Loan Documents, for a period of three (3)

Business Days following the date when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment; or

(c) (i) the Borrower shall fail to perform any term, covenant or agreement contained in Section 6.05, Section 6.06 (but only as to corporate existence), Section 6.10, Section 6.11 (upon the consummation of any transaction prohibited by said Section 6.11), Section 6.14, Section 6.15 or Section 6.17, or (ii) the Borrower shall fail to perform any term covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 8.01) for fifteen (15) days after written notice of such failure has been given to the Borrower by the Agent or any Lender; or

(d) any representation or warranty of the Borrower in this Agreement or any of the other Loan Documents or in any other document or instrument delivered pursuant to or in connection with this Agreement shall prove to have been false in any material respect upon the date when made or deemed to have been made by the terms of this Agreement; or

(e) the Borrower shall default in the payment when due of any principal of or any interest on any Funded Debt aggregating $50,000,000 or more, or fail to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing Funded Debt, in an aggregate amount of $50,000,000 or more, for such period of time as would permit (assuming the giving of appropriate notice or the lapse of time if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, unless such failure shall have been cured by the Borrower or effectively waived by such holder or holders; or

(f) the Borrower shall (1) voluntarily terminate operations or apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Borrower, or of all or a substantial part of the assets of the Borrower, (2) admit in writing its inability, or be generally unable, to pay its debts as the debts become due, (3) make a general assignment for the benefit of its creditors, (4) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), (5) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (6) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (7) take any corporate action for the purpose of effecting any of the foregoing; or

(g) without its application, approval or consent, a proceeding shall be commenced, in any court of competent jurisdiction, seeking in respect of the Borrower: the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debt, the appointment of a trustee, receiver, liquidator or the like of the Borrower, or of all or any substantial part of the assets of the Borrower, or other like relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts unless such proceeding is contested in good faith by the Borrower; and, if the proceeding is being contested in good faith by the Borrower, the same shall continue undismissed, or unstayed and in effect, for any period of ninety (90) consecutive days, or an order for relief against the Borrower shall be entered in any involuntary case under the Bankruptcy Code; or

(h) there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive, any final judgment against the Borrower that, with other then undischarged, unsatisfied and unstayed, outstanding final judgments against the Borrower, exceeds in the aggregate $50,000,000; or

(i) if any of the Loan Documents shall be canceled, terminated, revoked or rescinded by the Borrower otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Lenders, or any action at law, suit or in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrower, any of its stockholders, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

(j) (i) with respect to any Guaranteed Pension Plan, (A) an ERISA Reportable Event shall have occurred; (B) an application for a minimum funding waiver shall have been filed; (C) a notice of intent to terminate such plan pursuant to Section 4041(a)(2) of ERISA shall have been issued; (D) a lien under Section 302(f) of ERISA shall be imposed; (E) an amendment requiring the provision of security to such plan pursuant to Section 307 of ERISA shall have been adopted; (F) the PBGC shall have instituted proceedings to terminate such plan; (G) the PBGC shall have applied to have a trustee appointed to administer such plan pursuant to Section 4042 of ERISA; or (H) any event or condition that constitutes grounds for the termination of, or the appointment of a trustee to administer, such plan pursuant to Section 4042 of ERISA shall have occurred or shall exist, provided that with respect to the event or condition described in Section 4042(a)(4) of ERISA, the PBGC shall have notified the Borrower or any ERISA Affiliate that it has made a determination that such plan should be terminated on such basis; or (ii) with respect to any Multiemployer Plan, the Borrower or any ERISA Affiliate shall incur liability as a result of a partial or complete withdrawal from such plan or the reorganization, insolvency or termination of such plan; and, in the case of each of (i) or (ii), the Majority Lenders shall have determined in their reasonable discretion that such events or conditions, individually or in the aggregate, reasonably could be expected likely to result in liability of the Borrower in an aggregate amount exceeding $50,000,000; or

(k) there shall occur any Change of Control;

then, and in any such event, so long as the same may be continuing, the Agent shall, at the request of, or may, with the consent of, the Majority Lenders, by notice in writing to the Borrower, (i) immediately terminate the Commitments of each of the Lenders and/or (ii) declare all amounts owing with respect to this Agreement and the Notes to be, and they, shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of any Event of Default specified in Section 8.01(f) or Section 8.01(g), the Commitments of each of the Lenders hereunder shall automatically terminate and all amounts owing with respect to this Agreement and the Notes shall become immediately due and payable automatically and without any requirement of notice from the Agent or any Lender.

ARTICLE 9 - SHARING.

Section 9.01 If any Lender shall obtain from the Borrower payment of any principal of or interest on any Loan owing to it or payment of any other amount under this Agreement or any other Loan Document through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise (other than from the Agent as provided herein and other than amounts owing to such Lender pursuant to Sections 4.06, 4.07, 4.09, 4.11, Article 11 or Article 12), and, as a result of such payment, such Lender shall have received a greater percentage of the principal of or interest on the Loans or such other amounts then due hereunder or thereunder by the Borrower to such Lender than the percentage received by any other Lender, it shall promptly purchase from such other Lenders a participation in (or, if and to the extent specified by such Lender, a direct interest in) the Loans or such other amounts, respectively, owing to such other Lenders (or in interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal of and/or interest on the Loans or such other amounts, respectively, owing to each of the Lenders; provided that, for the purpose of calculating any Lender's pro rata share of any payment hereunder, payments to each such Lender shall include any amounts set off by the Borrower against such Lender pursuant to Section 9.02.

Section 9.02 To the extent permitted by law, the Borrower may offset against any payments due to any Lender under this Agreement or the Notes the amounts of any loss suffered by the Borrower as a result of the failure of such Lender to return any monies of the Borrower on deposit with such Lender or due to the insolvency of such Lender. Any such offset may be made only against payments due to the insolvent Lender when and as the same become due, and no offsets may be made against any amounts due and payable to any other Lender. The Borrower may not exercise any right of setoff with respect to all or any portion of deposits which are insured by the Federal Deposit Insurance Corporation.

ARTICLE 10 - THE AGENT.

Section 10.01 Appointment, Powers and Immunities. Each Lender hereby irrevocably appoints and authorizes the Agent to act as its agent hereunder and under the other Loan Documents with such powers as are specifically delegated to the Agent by the terms of this Agreement and of the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent (which term as used in this sentence and in Section 10.05 and the first sentence of Section 10.06 shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents): (a) shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Loan Documents, and shall not by reason of this Agreement or any other Loan Document be a trustee for any Lender; (b) shall not be responsible to the Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any other Loan Document, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the due execution, legality, value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any Note or any other document referred to or provided for herein or therein or for any failure by the Borrower or any other Person to perform any of its obligations hereunder or thereunder; (c) shall not be required to initiate or conduct any litigation or collection proceedings hereunder or under any other Loan Document; and (d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other Loan Document or under any other document or

instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct. The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until a notice of the assignment or transfer thereof shall have been filed with the Agent, together with the consent of the Borrower to such assignment or transfer (to the extent provided in Article 14). The Agent agrees to give each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

Section 10.02 Reliance by Agent. The Agent shall be entitled to rely upon any certification, notice or other communication (including, without limitation, any thereof by telephone, telecopy, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for the Borrower), independent accountants and other experts selected by the Agent and shall not be liable for any action taken or omitted to be taken in good faith in accordance with the advice of such counsel, accountants or experts. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Majority Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

Section 10.03 Defaults. The Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Agent has received notice from a Lender or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default, the Agent shall give prompt notice thereof to the Lenders and the Agent shall (subject to Section 10.01 and Section 10.07) take such action with respect to such Default as shall be directed by the Majority Lenders, provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as, it shall deem advisable in the best interest of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Lenders, all of the Lenders.

Section 10.04 Rights as a Lender. With respect to its Commitments and the Loans made by it, the Agent (and any successor acting as Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent (and any successor acting as Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with the Borrower (and any of its Subsidiaries or affiliates) as if it were not acting as the Agent, and the Agent and its affiliates may accept fees and other consideration from the Borrower for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 10.05 Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed under Article 11 and Article 12, but without limiting the obligations of the

Borrower under said Articles, and ratably in accordance with its respective Commitment) for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Loan Document or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses that the Borrower is obligated to pay under Article 11 and Article 12 but excluding, unless a Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

Section 10.06 Non-Reliance on Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrower and its Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. The Agent shall not be required to keep itself informed as to the performance or observance by the Borrower of this Agreement or any of the other Loan Documents or any other document referred to or provided for herein or therein or to inspect the properties or books of the Borrower or any of its Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrower or any of its Subsidiaries (or any of their affiliates) that may come into the possession of the Agent or any of is affiliates.

Section 10.07 Failure to Act. Except for action expressly required of the Agent hereunder and under the other Loan Documents, the Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Section 10.05 against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

Section 10.08 Resignation or Removal of Agent. Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by giving notice thereof to the Lenders and the Borrower, and the Agent may be removed at any time with or without cause by the Majority Lenders or, so long as no Default shall have occurred and be continuing, by the Borrower (with the consent of the Agent (which consent will not be unreasonably withheld or delayed)). Upon any such resignation or removal, the Majority Lenders shall have the right, after consultation with the Borrower so long as no Default shall have occurred and be continuing, to appoint a successor Agent, which successor shall be a Lender. If no successor Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation or the Majority Lenders' or Borrower's removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, after consultation with the Borrower so long as no

Default has occurred and is continuing, appoint a successor Agent which successor shall be a Lender. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article 10 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent.

ARTICLE 11 - EXPENSES.

The Borrower agrees to pay on demand (a) the reasonable fees, expenses and disbursements of the Agent's counsel incurred in connection with the administration or interpretation of the Loan Documents and other instruments mentioned herein, the closing hereunder, and amendments, modifications, approvals, consents or waivers hereto or hereunder, (b) the reasonable fees, expenses and disbursements of the Agent incurred by the Agent in connection with the administration or interpretation of the Loan Documents and other instruments mentioned herein, and (c) all reasonable out-of-pocket expenses including reasonable attorneys fees and costs (which attorneys may be employees of any Lender or the Agent) incurred by any Lender or the Agent in connection with (i) the enforcement of or preservation of rights under any of the Loan Documents against the Borrower or the administration thereof after the occurrence of a Default and (ii) any litigation, proceeding or dispute whether arising hereunder or otherwise in connection with the transactions contemplated hereby, in any way related to any Lender's or the Agent's relationship with the Borrower. The covenants of this Article 11 shall survive payment or satisfaction of payment of amounts owing with respect to the Notes.

ARTICLE 12 - INDEMNIFICATION.

The Borrower agrees to indemnify and hold harmless the Agent and the Lenders and their respective affiliates, officers, directors, employees, agents and advisors (each, an "Indemnitee") from and against any and all claims, actions and suits whether groundless or otherwise, and from and against any and all liabilities, losses, damages and expenses of every nature and character incurred by or awarded against any such Indemnitee (including the reasonable fees and expenses of counsel), in each case arising out of this Agreement or any of the other Loan Documents or the transactions contemplated hereby including, without limitation, (a) any actual or proposed use by the Borrower of the proceeds of any Loan, or (b) the Borrower entering into or performing this Agreement or any of the other Loan Documents. In the event any Person other than an Indemnitee shall make any claim against any such Indemnitee with respect to any matter for which such Indemnitee is indemnified pursuant to this Article 12 (a "Claim"), such Indemnitee shall give the Borrower written notice (the "Notice") of such Claim. Such Indemnitee may retain counsel and conduct the defense of such Claim, as it may in its sole discretion deem proper, at the sole cost and expense of the Borrower. So long as no Default shall have occurred and be continuing hereunder, no Indemnitee shall compromise or settle any claim without the prior written consent of the Borrower, which consent shall not unreasonably be withheld or delayed. If, and to the extent that the obligations of the Borrower under this Article 12 are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law. In the case of an investigation, litigation or other proceeding to which the indemnity in this Article 12 applies, such indemnity shall be effective whether or not the affected

Indemnitee is a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim against the Agent, any Lender, any of their affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Notes, this Agreement, any other Loan Document, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Loans.

ARTICLE 13 - SURVIVAL OF COVENANTS, ETC.

All covenants, agreements representations and warranties made herein, in the Notes, in any of the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrower pursuant hereto shall be deemed to have been relied upon by the Lenders and the Agent, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Lenders of the Loans as herein contemplated, and shall continue in full force and effect so long as any amount due under this Agreement or the Notes or any of the other Loan Documents remains outstanding. All statements contained in any certificate or other paper delivered to any Lender or the Agent at any time by or on behalf of the Borrower pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Section 4.06, 4.07, 4.09, 4.11, Article 11 and Article 12 shall survive the payment in full of principal, interest and all other amounts hereunder and under the Notes.

ARTICLE 14 - ASSIGNMENT AND PARTICIPATION.

(a) Except as expressly permitted by Section 6.11, the Borrower may not assign any of its rights or obligations hereunder or under the Notes without the prior consent of all of the Lenders and Agent.

(b) Each Lender may assign any of its Loans, its Notes and its Commitment (but only with the consent of the Borrower, which consent shall not be unreasonably withheld or delayed); provided that (i) no such consent by the Borrower shall be required in the case of any assignment by any Lender to any affiliate of such Lender or to another Lender or to any affiliate of such other Lender, (ii) no such consent by the Borrower shall be required in the event that an Event of Default shall have occurred and then be continuing; (iii) any such assignment shall be in an amount at least equal to $5,000,000 (or the full amount of the assigning Lender's Commitment if less than $5,000,000); and (iv) each such assignment by a Lender of its Loans, Note and Commitment shall be made in such manner so that the same portion of its Loans, Note, and Commitment is assigned to the respective assignee. Upon execution and delivery by the assignee to the Borrower and the Agent of an instrument in writing pursuant to which such assignee agrees to become a "Lender" hereunder (if not already a Lender) having the Commitment (and Loans) specified by such instrument, and upon consent thereto by the Borrower, to the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Borrower), the obligations, rights and benefits of a Lender hereunder holding a Commitment and Loans (or portion thereof) assigned to it (in addition to the Commitment and Loans, if any, theretofore held by such assignee) and the assigning Lender shall, to the extent of such assignment, be released from the Commitment (or portion(s) thereof) so assigned. Upon each such assignment

of Commitments and Loans the assigning Lender shall pay the Agent an assignment fee of $3,500.

(c) A Lender may sell or agree to sell to one or more other Persons a participation in all or any part of any Loans held by it, or in its Commitment, provided that no purchaser of a participation (a "Participant") shall have any rights or benefits under this Agreement or any Note (the Participant's rights against such Lender in respect of such participation to be those set forth the agreements executed by such Lender in favor of the Participant). All amounts payable by the Borrower to any Lender under Article 4 in respect of Loans held by it, and its Commitment, shall be determined as if such Lender had not sold or agreed to sell any participation in such Loans and Commitment, and as if such Lender were funding each of such Loan and Commitment in the same way that it is funding the portion of such Loan and Commitment in which no participation has been sold. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder or under any other Loan Document except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term, or extend the time or waive any requirement for the reduction or termination of such Lender's related Commitment, (ii) extend the date fixed for the payment of principal or interest on the related Loan or Loans, or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal, (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Participant, to a level below the rate at which the Participant is entitled to receive such interest or fee, (v) alter the rights or obligations of the Borrower to prepay the related Loans, or (vi) consent to any modification supplement or waiver hereof to the extent that the same, under Article 21, requires the consent of each Lender.

(d) In addition to the assignments and participation permitted under the foregoing provisions of this Article 14, any Lender may assign and pledge all or any portion of its Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(e) Anything in this Article 14 to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to the Borrower or any of its affiliates or Subsidiaries without the prior written consent of each Lender.

(f) The Borrower agrees that any Lender may, with the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed), disclose information obtained by such Lender pursuant to this Agreement to assignees or participants and potential assignees or participants hereunder; provided that such assignees or participants or potential assignees or participants shall agree (i) to treat in confidence such information pursuant to a confidentiality agreement in form and substance reasonably satisfactory to the Borrower, (ii) not to disclose such information to a third party, and (iii) not to make use of such information for purposes of transactions unrelated to such contemplated assignment or participation, and provided further, that any Lender may disclose information obtained by such Lender pursuant to this Agreement to any affiliate of such Lender without the prior written consent of the Borrower, but subject to the restrictions set forth in this subsection (f).

ARTICLE 15 - NOTICES, ETC.

Except as otherwise expressly provided in this Agreement, all notices and other communications made or required to be given pursuant to this Agreement or the Notes shall be in writing and shall be delivered by hand, mailed by United States registered or certified first class mail, postage prepaid, sent by overnight courier, or sent by telegraph, telecopy, telefax or telex and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Borrower, at 700 Universe Boulevard, Juno Beach, Florida 33408-8801, Attention: Treasurer, or at such other address for notice as the Borrower shall last have furnished in writing to the Person giving the notice;

(b) if to the Agent, at 1251 Avenue of the Americas, New York, New York 10020-1104, Attention: John Feeney, Vice President, Global Relationship Banking, or such other address for notice as the Agent shall last have furnished in writing to the Person giving the notice; and

(c) if to any Lender, at such Lender's address set forth on Schedule I hereto, or such other address for notice as such Lender shall have last furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier or facsimile to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer or the sending of such facsimile and (ii) if sent by registered or certified first-class mail, postage prepaid, on the third (3rd) Business Day following the mailing thereof.

ARTICLE 16 - GOVERNING LAW.

THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE. THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN, NEW YORK, AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER BY MAIL AT THE ADDRESS SPECIFIED IN SECTION 15. THE BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

ARTICLE 17 - HEADINGS.

The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE 18 - COUNTERPARTS.

This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

ARTICLE 19 - ENTIRE AGREEMENT, ETC.

The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in Article 21.

ARTICLE 20 - WAIVER OF JURY TRIAL.

Each of the Borrower, the Agent and the Lenders hereby waives its right to a jury trial with respect to any action or claim arising out of any dispute in connection with this Agreement, the Notes or any of the other Loan Documents, any rights or obligations hereunder or thereunder or the performance of such rights and obligations. The Borrower (a) certifies that no representative, agent or attorney of any Lender or the Agent has represented, expressly or otherwise, that such Lender or the Agent would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that the Agent and the Lenders have been induced to enter into this Agreement and the other Loan Documents to which it is a party by, among other things, the waiver and certifications contained in this Article 20.

ARTICLE 21 - CONSENTS, AMENDMENTS, WAIVERS, ETC.

Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement to be given by one or more or all of the Lenders may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrower of any terms of this Agreement or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Borrower and the written consent of the Majority Lenders. Notwithstanding the foregoing, (a) except as contemplated in Section 2.08 and Section 2.09, the rate of interest on and the term of the Loans, the Loan Maturity Date, the principal amount of the Loans owing to each Lender, the dates on which interest is required to be paid hereunder, the amount and dates of payment of the fees or principal owing each Lender hereunder may not be changed and the amount of each Lender's Commitment hereunder may not be increased, in any such case without the written consent of the Borrower

and the written consent of each Lender affected thereby; (b) Article 9, this Article 21, the definition of Majority Lenders and any provision of the Loan Documents that requires action by all of the Lenders may not be amended without the written consent of all of the Lenders; (c) the aggregate amount of the Commitments may not be increased without the written consent of all of the Lenders; (d) Article 10 may not be amended without the written consent of the Agent; and (e) any amendment to or waiver of any condition precedent to the making of any Loan pursuant to Section 2.01(a) shall require the consent of the Majority Lenders. In furtherance of clause (e) of the second sentence of this Article 21, no amendment or waiver of any representation or warranty or any covenant or Event of Default contained in this Agreement shall be deemed to be effective for purposes of determining whether the condition precedent referred to in any such clause has been satisfied unless the Lenders referred to in such clause shall have consented to such amendment or waiver. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

ARTICLE 22 - SEVERABILITY.

The provisions of this Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, any other clause or provision of this Agreement in any jurisdiction.

ARTICLE 23 - CONFIDENTIALITY.

The Agent and each Lender agree to hold any confidential information that any of them may receive from the Borrower pursuant to this Agreement or any of the Loan Documents or in connection with any transaction contemplated herein or therein in confidence except for disclosure: (a) to other Lenders; (b) to its affiliates, officers, directors, employees, advisors, attorneys and other agents deemed reasonably necessary to effectuate the transaction contemplated herein or therein; provided that such parties shall be advised of the requirement to maintain the confidentiality of such information and the Agent or such Lender, as the case may be, shall be responsible for any such party's breach of such confidentiality agreement; (c) to regulatory officials having jurisdiction over the Agent or such Lender; (d) as required by applicable law or legal process (provided that in the event the Agent or any Lender is so required to disclose any such confidential information, the Agent or such Lender shall endeavor to notify promptly the Borrower so that the Borrower may seek a protective order or other appropriate remedy); and (e) to the extent permitted in Section 14(e) of this Agreement. For purposes of this Agreement (x) the term "confidential information" shall mean all information respecting Group and its Subsidiaries, or any of them, other than (i) information previously filed with any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body or which is otherwise available to the public, (ii) information which is delivered by the Borrower to the Agent and/or the Lenders, which it expressly identifies as non-confidential, (iii) information previously published in any public medium from a source other than, directly or indirectly, the Agent or any Lender, and (iv) information which is received by the Agent or the Lenders from any third party, which the Agent or such Lender reasonably believes, after due inquiry, was not and is not, violating any

obligation of confidentiality to the Borrower and (y) "affiliate" shall mean, with respect to any Lender, any Person that is wholly-owned by such Lender or any corporation by which such Lender is wholly owned.

ARTICLE 24 - USA PATRIOT ACT NOTICE.

Each Lender and the Agent (for itself and not on behalf of any Lenders) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identities the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Agent, as applicable, to identify the Borrower in accordance with the Act.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as a sealed instrument as of the date first set forth above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Paul I. Cutler
Treasurer

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned, a Notary Public in and for said County, Paul I. Cutler, to me known and known to me, who, being by me first duly sworn, declared that he is the Treasurer of Florida Power & Light Company, that being duly authorized he did execute the foregoing instrument before me for the purposes set forth therein.

IN WITNESS WHEREOF, I have hereto set my hand and official seal at New York, New York, this 10th day of May, 2006.

_____
Notary Public

My Commission Expires:

AMY A. MELLON
Notary Public, State of New York
No. 01ME5031369
Qualified in New York County
Commission Expires August 1, 2006

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, individually and as Agent

By: _____
Name: NICHOLAS R. BATTISTA
Title: AUTHORIZED SIGNATORY

STATE OF New York)
) ss.
COUNTY OF New York)

Personally appeared before me, the undersigned, a Notary Public in and for said County, Nicholas R. Battista, to me known and known to me, who, being by me first duly sworn, declared that he/she is a _____ of **THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH**, that being duly authorized he/she did execute the foregoing instrument before me for the purposes set forth therein.

IN WITNESS WHEREOF, I have hereto set my hand and official seal at New York, New York, this 10th day of May, 2006.

_____
Notary Public

My Commission Expires:

AMY A. MELLON
Notary Public, State of New York
No. 01ME5031369
Qualified in New York County
Commission Expires August 1, 2006

Schedule I

Name of Lender Commitment

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch Lending Office for all Loans: The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch 1251 Avenue of the Americas New York, New York 10020-1104 Attention: John Feeney Vice President, Global Relationship Banking Telecopier No.: (212) 782-6445 Telephone No.: (212) 782-5568 Email: jfeeney@us.mufg.jp Address for Notices: The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch 1251 Avenue of the Americas New York, New York 10020-1104 Attention: John Feeney Vice President, Global Relationship Banking Telecopier No.: (212) 782-6445 Telephone No.: (212) 782-5568 Email: jfeeney@us.mufg.jp	$250,000,000.00
	$250,000,000.00

Schedule 5.03 to Agreement

Excepted Liens

(i) Liens to secure taxes, assessments and other government charges or claims for labor, material or supplies in respect of obligations not overdue;

(ii) Deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations or;

(iii) Liens of carriers, warehousemen, mechanics and materialmen, and other like liens, which liens do not individually or in the aggregate have a materially adverse effect on the business of the Borrower; and

(iv) Encumbrances consisting of easements, rights of way, zoning restrictions, restrictions on the use of real property and defects and irregularities in the title thereto, landlords or lessor's liens under leases to which the Borrower or any of its Subsidiaries is a party, and other minor liens or encumbrances none of which in the opinion of the Borrower interferes materially with the use of the property affected in the ordinary conduct of the business of the Borrower, which defects, liens and other encumbrances do not individually or in the aggregate have a materially adverse effect on the business of the Borrower.

Schedule 5.04 to Agreement

Supplemental Disclosures

Matters disclosed in FPL Group, Inc.'s and Florida Power & Light Company's Annual Report on Form 10-K, as amended by its report on Form 10-K/A, for the fiscal year ended December 31, 2005, as supplemented by each additional filing made by FPL Group, Inc. and/or Florida Power & Light Company (including with respect to information furnished) subsequent to such Annual Report pursuant to the applicable provisions of the Securities Exchange Act of 1934, as amended, through and including the Agreement Effective Date.

Schedule 5.06 to Agreement

Litigation

Matters disclosed in FPL Group, Inc.'s and Florida Power & Light Company's Annual Report on Form 10-K, as amended by its report on Form 10-K/A, for the fiscal year ended December 31, 2005, as supplemented by each additional filing made by FPL Group, Inc. and/or Florida Power & Light Company (including with respect to information furnished) subsequent to such Annual Report pursuant to the applicable provisions of the Securities Exchange Act of 1934, as amended, through and including the Agreement Effective Date.

Schedule 5.11(c) to Agreement

ERISA

The FPL Group Employee Pension Plan was merged into the Pension Plan for Employees of Florida Power & Light Company effective as of January 1, 1993. This merger is considered a Reportable Event under Section 4043(c)(8) of ERISA. However, this merger will not present a material risk of termination of either of these plans by the PBGC.

EXHIBIT A TO AGREEMENT

FLORIDA POWER & LIGHT COMPANY

[FORM OF NOTE]

NOTE

$_____ Dated as of _____

FOR VALUE RECEIVED, the undersigned, **FLORIDA POWER & LIGHT COMPANY**, a Florida corporation (hereinafter, together with its successors in title and assigns, called the "Borrower"), by this promissory note (hereinafter called "this Note"), absolutely and unconditionally promises to pay to the order of [_____] (hereinafter, together with its successors in title and assigns, called the "Lender"), the principal sum of [_____] and No/100 Dollars ($[_____]), or the aggregate principal unpaid principal amount of all Loans evidenced by this Note made by the Lender to the Borrower pursuant to the Agreement hereinafter referred to, whichever is less, on the earlier of (i) the last day of the Term Loan Period (as defined in the Agreement) applicable to each such Loan and (ii) the Loan Maturity Date (as defined in the Agreement), and to pay interest on the principal sum outstanding hereunder from time to time from the date hereof until the said principal sum or the unpaid portion thereof shall have been paid in full.

The unpaid principal (not at the time overdue) of this Note shall bear interest at the annual rate from time to time in effect under the Agreement referred to below (the "Applicable Rate"). Accrued interest on the unpaid principal under this Note shall be payable on the dates, and in the manner, specified in the Agreement.

On the Loan Maturity Date there shall become absolutely due and payable by the Borrower hereunder, and the Borrower hereby, promises to pay to the Holder hereof, the balance (if any) of the principal hereof then remaining unpaid, all of the unpaid interest accrued hereon and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby.

Each overdue amount (whether of principal, interest or otherwise) payable on or in respect of this Note or the indebtedness evidenced hereby shall (to the extent permitted by applicable law) bear interest at the annual rate which shall at all times be two percent (2%) above the Base Rate. The unpaid interest accrued on each overdue amount in accordance with the foregoing terms of this paragraph shall become and be absolutely due and payable by the Borrower to the Holder of this Note on demand by the Holder. Interest on each overdue amount will continue to accrue as provided by the foregoing terms of this paragraph until the obligations of the Borrower in respect of the payment of such overdue amount shall be discharged (whether before or after judgment).

Each payment of principal, interest or other sum payable on or in respect of this Note or the indebtedness evidenced hereby shall be made by the Borrower directly to the Agent at the Agent's office, as provided in the Agreement, for the account of the Holder, not later than 2:00 p.m., New York, New York time, on the due date of such payment. All payments on or in respect of this Note or the indebtedness evidenced hereby shall be made without set-off or counterclaim and free and clear of and without any deduction of any kind for any taxes, levies, fees, deductions withholdings, restrictions or conditions of any nature, except as expressly set forth in Section 9.02 of the Agreement.

Absent manifest error, a certificate or statement signed by an authorized officer of the Agent shall be conclusive evidence of the amount of principal due and unpaid under this Note as of the date of such certificate or statement.

This Note is made and delivered by the Borrower to the Lender pursuant to a Credit Agreement, dated as of May 10, 2006, among (i) the Borrower, (ii) the lending institutions party thereto, and (iii) The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as agent for itself and the other lending institutions (hereinafter, as originally executed, or, if varied or supplemented or amended and restated from time to time, as so varied or supplemented or amended and restated, called the "Agreement"). This Note evidences the obligations of the Borrower (a) to repay the principal amount of Loans made by the Lender to the Borrower under the Agreement, (b) to pay interest, as provided in the Agreement on the principal amount hereof remaining unpaid from time to time, and (c) to pay other amounts which may become due and payable hereunder as provided herein and in the Agreement.

No reference herein to the Agreement, to any of the Schedules or Exhibits annexed thereto, or to any of the Loan Documents or to any provisions of any thereof, shall impair the obligations of the Borrower, which are absolute, unconditional and irrevocable, to pay the principal of and the interest on this Note and to pay all (if any) other amounts which may become due and payable on or in respect of this Note or the indebtedness evidenced hereby, strictly in accordance with the terms and the tenor of this Note.

All capitalized terms used herein and defined in the Agreement shall have the same meanings herein as therein. For all purposes of this Note, "Holder" means the Lender or any other person who is at the time the lawful holder in possession of this Note.

Pursuant to, and upon the terms contained in the Agreement, the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby may be declared to be or may automatically become immediately due and payable, whereupon the entire unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby shall (if not already due and payable) forthwith become and be due and payable to the Holder of this Note without presentment, demand, protest, notice of protest or any other formalities of any kind, all of which are hereby expressly and irrevocably waived by the Borrower.

All computations of interest payable as provided in this Note shall be determined in accordance with the terms of the Agreement.

Should all or any part of the indebtedness represented by this Note be collected by action at law, or in bankruptcy, insolvency, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Borrower hereby promises to pay to the Holder of this Note, upon demand by the Holder at any time, in addition to principal, interest and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby, all court costs and reasonable attorneys fees (including, without limitation, such reasonable fees of any in-house counsel) and all other reasonable collection charges and expenses incurred or sustained by the Holder.

The Borrower hereby irrevocably waives notices of acceptance, presentment, notice of non-payment, protest, notice of protest, suit and all other conditions precedent in connection with the delivery, acceptance, collection and/or enforcement of this Note.

The Borrower hereby waives its right to a jury trial with respect to any action or claim arising out of any dispute in connection with this Note, any rights or obligations hereunder or the performance of such rights and obligations.

This Note is intended to take effect as a sealed instrument.

This Note and the obligations of the Borrower hereunder shall be governed by and interpreted and determined in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, THIS NOTE has been duly executed by the undersigned, FLORIDA POWER & LIGHT COMPANY, on the day and in the year first above written.

FLORIDA POWER & LIGHT COMPANY

By:_____
Paul I. Cutler
Treasurer

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned, a Notary Public in and for said County, Paul I. Cutler, to me known and known to me, who, being by me first duly sworn, declared that he is the Treasurer of Florida Power & Light Company, that being duly authorized he did execute the foregoing instrument before me for the purposes set forth therein.

IN WITNESS WHEREOF, I have hereto set my hand and official seal at New York, New York, this ____ day of May, 2006.

_____
Notary Public

My Commission Expires:

Exhibit (a)-12

U.S. Commercial Paper
Offering Memorandum

January 2006

FLORIDA POWER & LIGHT COMPANY

$2,000,000,000

Commercial Paper Notes

DEALER
J.P. MORGAN SECURITIES INC.

The Dealer does not warrant the completeness or accuracy of the information herein and does not undertake to update such information. Prospective purchasers should conduct their own inquiry into the creditworthiness of Florida Power & Light Company before purchasing any Notes.

J. P. MORGAN SECURITIES INC.

SUMMARY OF TERMS

ISSUER:	Florida Power & Light Company ("FPL"), a Florida corporation.
SECURITIES:	Unsecured notes (the "Notes"). Ranking *pari passu* with FPL's other unsecured and unsubordinated liabilities. No indenture of trust will be entered into with respect to the Notes.
PROGRAM SIZE:	Authorized to a maximum principal amount outstanding at any time of US $2,000,000,000.
PLACEMENT AGENTS:	J.P. Morgan Securities Inc. ("JPMSI"), Merrill Lynch Money Markets Inc. and SunTrust Capital Markets, Inc.
EXEMPTION:	The Notes are exempt from registration under the Securities Act of 1933, as amended ("Securities Act"), pursuant to Section 3(a)(3) thereof and cannot be resold unless registered or an exemption from registration is available.
MATURITIES:	Up to 270 days from the date of issue. The Notes are not redeemable nor subject to voluntary prepayment by FPL prior to maturity.
DENOMINATIONS:	The Notes will be issued in minimum denominations of $100,000 or integral increments of $1,000 in excess thereof.
OFFERING PRICE:	The Notes will be sold at par less a discount representing an interest factor or, if interest bearing, at par.
FORM OF ISSUANCE:	Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) a master note registered in the name of the nominee of The Depository Trust Company ("DTC"). The master note (the "Book-Entry Notes") will be deposited with the Issuing and Paying Agent as subcustodian for DTC or its successor. DTC will record, by appropriate entries on its book-entry registration and transfer system, the respective amounts payable in respect of Book-Entry Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Book-Entry Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.
SETTLEMENT:	Unless otherwise agreed, settlement will be made on a same-day basis in immediately available funds.
USE OF PROCEEDS:	The proceeds from the sale of the Notes will be used by FPL for current transactions as permitted under Section 3(a)(3) of the Securities Act.
ISSUING & PAYING AGENT:	JPMorgan Chase Bank, N.A.
LIQUIDITY FACILITY:	FPL currently maintains lines of credit in amounts sufficient to meet its current needs for lines of credit and expects to continue to maintain such lines of credit but is not required to do so.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility engaged in the generation, transmission, distribution and sale of electric energy. As of December 31, 2005, FPL supplies electric service to a population of more than eight million throughout most of the east and lower west coasts of Florida. During 2005, FPL served approximately 4.3 million customer accounts. FPL Group, Inc. ("FPL Group") owns all of FPL's common stock. FPL's operating revenues for 2005 amounted to approximately $9.5 billion.

CREDIT RATINGS

As of January 31, 2006, the Notes are rated by Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch Ratings. Ratings are not a recommendation to purchase, hold or sell the Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to the rating agencies by FPL and information obtained by the rating agencies from other sources. The ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should check the current ratings before purchasing the Notes.

WHERE YOU CAN FIND MORE INFORMATION

FPL files annual, quarterly and other reports and other information with the Securities and Exchange Commission ("SEC"). You can read and copy any information filed by FPL with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., 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.

INFORMATION INCORPORATED BY REFERENCE

FPL is "incorporating by reference" certain information that FPL files with the SEC, which means that FPL may, in this Offering Memorandum, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this Offering Memorandum. 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, as each may be amended, and any future filings FPL makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

- FPL's most recent Annual Report on Form 10-K;
- FPL's Quarterly Reports on Form 10-Q filed since the filing of the most recent Form 10-K; and
- FPL's Current Reports on Form 8-K filed since the filing of the most recent Form 10-K (excluding information that is furnished and not filed under the Exchange Act).

FPL will provide without charge to each person, including any beneficial owner, to whom this Offering Memorandum is delivered, upon written or oral request of any such person, a copy of any incorporated document referred to above excluding the exhibits thereto (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to Florida Power & Light

Company, Attention: Treasurer, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, telephone (561) 694-4000.

GENERAL

In making an investment decision, investors must rely on their own examination of FPL and the terms of the offering, including the merits and risks involved. This examination should include the review of FPL's filings with the SEC, including information provided under the heading "Cautionary Statements and Risk Factors That May Affect Future Results," "Risk Factors" or similar headings, in such filings with the SEC. Your investment decision should not be based solely on this Offering Memorandum since it is not intended to be a complete explanation of the nature and risks of investing in the Notes. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. Neither JPMSI nor any of its affiliates makes any representation or warranty as to the accuracy or completeness of the information contained or referred to herein.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum in connection with the offer contained in this Offering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by FPL or JPMSI. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of FPL since the date as of which information is given in this Offering Memorandum. This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

THE DEALER

JPMSI and its affiliates may perform various investment banking, commercial banking and financial advisory services from time to time for FPL and its affiliates. Prospective purchasers of the Notes are advised that JPMSI has no obligation to disclose any non-public information concerning FPL and its affiliates that may be furnished to JPMSI and its affiliates in connection with performing such services.

If you require any other information or have any questions, please contact the Dealer at:

Investor Marketing
Short-Term Fixed Income Division
J.P. Morgan Securities Inc.
270 Park Avenue, 8th Floor
New York, NY 10017
Phone: (212) 834-6172
Fax: (212) 834-6945

The information under the caption "The Dealer" has been furnished by JPMSI. All other information contained in this memorandum has been furnished by FPL.

Exhibit (a)-13

[redacted]

PROGRAM REPORT JANUARY 31, 2006

Florida Power & Light Company

$2,000,000,000

COMMERCIAL PAPER NOTES

TERMS OF COMMERCIAL PAPER NOTES

Issuer:	Florida Power & Light Company ("FPL"), a Florida corporation.
Securities:	Unsecured notes (the "Notes"). Ranking *pari passu* with FPL's other unsecured and unsubordinated liabilities. No indenture of trust will be entered into with respect to the Notes.
Program Size:	Authorized to a maximum principal amount outstanding at any time of US $2,000,000,000.
Placement Agents:	Merrill Lynch Money Markets Inc., J.P. Morgan Securities Inc. and SunTrust Capital Markets, Inc.
Exemption:	The Notes are exempt from registration under the Securities Act of 1933, as amended ("Securities Act"), pursuant to Section 3(a)(3) thereof and cannot be resold unless registered or an exemption from registration is available.
Maturities:	Up to 270 days from the date of issue.
Redemption:	The Notes are not redeemable nor subject to voluntary prepayment by FPL prior to maturity.
Denominations:	The Notes will be issued in minimum denominations of $100,000 or integral increments of $1,000 in excess thereof.
Offering Price:	The Notes will be sold at par less a discount representing an interest factor or, if interest bearing, at par.
Interest and/or Discount Payment:	Payable at maturity.
Use of Proceeds:	The proceeds from the sale of the Notes will be used by FPL for current transactions as permitted under Section 3(a)(3) of the Securities Act.

Form of Issuance:	Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) a master note registered in the name of the nominee of The Depository Trust Company ("DTC"). The master note (the "Book-Entry Notes") will be deposited with the Issuing and Paying Agent as subcustodian for DTC or its successor. DTC will record, by appropriate entries on its book-entry registration and transfer system, the respective amounts payable in respect of Book-Entry Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Book-Entry Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.
Settlement:	Unless otherwise agreed to, settlement will be made on a same-day basis in immediately available funds.
Issuing and Paying Agent:	JPMorgan Chase Bank, N.A. New York, New York
Liquidity Facility:	FPL currently maintains lines of credit in amounts sufficient to meet its current needs for lines of credit and expects to continue to maintain such lines of credit but is not required to do so.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility engaged in the generation, transmission, distribution and sale of electric energy. As of December 31, 2005, FPL supplies electric service to a population of more than eight million throughout most of the east and lower west coasts of Florida. During 2005, FPL served approximately 4.3 million customer accounts. FPL Group, Inc. ("FPL Group") owns all of FPL's common stock. FPL's operating revenues for 2005 amounted to approximately $9.5 billion.

CREDIT RATINGS

As of January 31, 2006, the Notes are rated by Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch Ratings. Ratings are not a recommendation to purchase, hold or sell the Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to the rating agencies by FPL and information obtained by the rating agencies from other sources. The ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should check the current ratings before purchasing the Notes.

WHERE YOU CAN FIND MORE INFORMATION

FPL files annual, quarterly and other reports and other information with the Securities and Exchange Commission ("SEC"). You can read and copy any information filed by FPL with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., 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.

INFORMATION INCORPORATED BY REFERENCE

FPL is "incorporating by reference" certain information that FPL files with the SEC, which means that FPL may, in this Offering Memorandum, disclose important information to you by referring you to those documents. The

information incorporated by reference is an important part of this Offering Memorandum. 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, as each may be amended, and any future filings FPL makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

- FPL's most recent Annual Report on Form 10-K;
- FPL's Quarterly Reports on Form 10-Q filed since the filing of the most recent Form 10-K; and
- FPL's Current Reports on Form 8-K filed since the filing of the most recent Form 10-K (excluding information that is furnished and not filed under the Exchange Act).

FPL will provide without charge to each person, including any beneficial owner, to whom this Offering Memorandum is delivered, upon written or oral request of any such person, a copy of any incorporated document referred to above excluding the exhibits thereto (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to Florida Power & Light Company, Attention: Treasurer, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, telephone (561) 694-4000. Any further questions and/or requests should either be sent to Institutional Marketing, Merrill Lynch Money Markets Inc., World Financial Center, North Tower, New York, New York 10281-1311 or made by telephone at (212) 449-0233.

GENERAL

In making an investment decision, investors must rely on their own examination of FPL and the terms of the offering, including the merits and risks involved. This examination should include the review of FPL's filings with the SEC, including information provided under the heading "Cautionary Statements and Risk Factors That May Affect Future Results," "Risk Factors," or similar headings, in such filings with the SEC. Your investment decision should not be based solely on this Offering Memorandum since it is not intended to be a complete explanation of the nature and risks of investing in the Notes. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. Neither Merrill Lynch Money Markets Inc. nor any of its affiliates makes any representation or warranty as to the accuracy or completeness of the information contained or referred to herein.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum in connection with the offer contained in this Offering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by FPL or Merrill Lynch Money Markets Inc. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of FPL since the date as of which information is given in this Offering Memorandum. This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

Exhibit (a)-14

FLORIDA POWER & LIGHT COMPANY

Up to $2,000,000,000

Commercial Paper Notes

DEALER:
SunTrust Capital Markets, Inc.

SUMMARY OF TERMS

Issuer:	Florida Power & Light Company ("FPL"), a Florida corporation.
Securities:	Unsecured notes (the "Notes"). Ranking pari passu with FPL's other unsecured and unsubordinated liabilities. No indenture of trust will be entered into with respect to the Notes.
Program Size:	Authorized to a maximum principal amount outstanding at any time of US $2,000,000,000.
Placement Agents:	SunTrust Capital Markets, Inc., J.P. Morgan Securities Inc. and Merrill Lynch Money Markets Inc.
Exemption:	The Notes are exempt from registration under the Securities Act of 1933, as amended ("Securities Act"), pursuant to Section 3(a)(3) thereof and cannot be resold unless registered or an exemption from registration is available.
Offering Price:	The Notes will be sold at par less a discount representing an interest factor or, if interest bearing, at par.
Denominations:	The Notes will be issued in minimum denominations of $100,000 or integral increments of $1,000 in excess thereof.
Maturities:	Up to 270 days from date of issue. The Notes are not redeemable nor subject to voluntary prepayment by FPL prior to maturity.
Form of Issuance:	Each Note will be evidenced by (i) a note certificate issued in bearer form or (ii) a master note registered in the name of the nominee of The Depository Trust Company ("DTC"). The master note (the "Book-Entry Notes") will be deposited with the Issuing and Paying Agent as subcustodian for DTC or its successor. DTC will record, by appropriate entries on its book-entry registration and transfer system, the respective amounts payable in respect of Book-Entry Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Book-Entry Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.
Settlement:	Unless otherwise agreed, settlement will be made on a same-day basis in immediately available funds.
Use of Proceeds:	The proceeds of the Notes will be used by FPL for current transactions as permitted under Section 3(a)(3) of the Securities Act.
Issuing & Paying Agent:	JPMorgan Chase Bank, N.A.
Liquidity Facility:	FPL currently maintains lines of credit in amounts sufficient to meet its current needs for lines of credit and expects to continue to maintain such lines of credit but is not required to do so.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility engaged in the generation, transmission, distribution and sale of electric energy. As of December 31, 2005, FPL supplies electric service to a population of more than eight million throughout most of the east and lower west coasts of Florida. During 2005, FPL served approximately 4.3 million customer accounts. FPL Group, Inc. ("FPL Group") owns all of FPL's common stock. FPL's operating revenues for 2005 amounted to approximately $9.5 billion.

CREDIT RATINGS

As of January 31, 2006, the Notes are rated by Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch Ratings. Ratings are not a recommendation to purchase, hold or sell the Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to the rating agencies by FPL and information obtained by the rating agencies from other sources. The ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should check the current ratings before purchasing the Notes.

WHERE YOU CAN FIND MORE INFORMATION

FPL files annual, quarterly and other reports and other information with the Securities and Exchange Commission ("SEC"). You can read and copy any information filed by FPL with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., 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.

INFORMATION INCORPORATED BY REFERENCE

FPL is "incorporating by reference" certain information that FPL files with the SEC, which means that FPL may, in this Information Memorandum, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this Information Memorandum. 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, as each may be amended, and any future filings FPL makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

- FPL's most recent Annual Report on Form 10-K;
- FPL's Quarterly Reports on Form 10-Q filed since the filing of the most recent Form 10-K; and
- FPL's Current Reports on Form 8-K filed since the filing of the most recent Form 10-K (excluding information that is furnished and not filed under the Exchange Act).

FPL will provide without charge to each person, including any beneficial owner, to whom this Information Memorandum is delivered, upon written or oral request of any such person, a copy of any incorporated document referred to above excluding the exhibits thereto (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to Florida Power & Light Company, Attention: Treasurer, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, telephone (561) 694-4000.

GENERAL

In making an investment decision, investors must rely on their own examination of FPL and the terms of the offering, including the merits and risks involved. This examination should include the review of FPL's filings with the SEC, including information provided under the heading "Cautionary Statements and Risk Factors That May Affect Future Results," "Risk Factors" or similar headings, in such filings with the SEC. Your investment decision should not be based solely on this Information Memorandum since it is not intended to be a complete explanation of the nature and risks of investing in the Notes. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. Neither SunTrust Capital Markets, Inc. nor any of its affiliates makes any representation or warranty as to the accuracy or completeness of the information contained or referred to herein.

No person has been authorized to give any information or to make any representations other than those contained in this Information Memorandum in connection with the offer contained in this Information Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by FPL or SunTrust Capital Markets, Inc. Neither the delivery of this Information Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of FPL since the date as of which information is given in this Information Memorandum. This Information Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

THE DEALER

SunTrust Capital Markets, Inc. ("STCM") and its affiliates may perform various investment banking, commercial banking and financial advisory services from time to time for FPL and its affiliates. An affiliate of STCM may be a lender to FPL and proceeds from sales of the Notes may be used to repay indebtedness owed to such lending affiliate. Prospective purchasers of the Notes are advised that STCM has no obligation to disclose any non-public information concerning FPL and its affiliates that may be furnished to STCM and its affiliates in connection with performing such services.

If you require any other information or have any questions, please contact the Dealer at:

SunTrust Capital Markets, Inc.
Commercial Paper Desk
Attention: Matt Vincent
303 Peachtree Street 23rd Floor
Atlanta, Georgia 30308
Phone: (404) 588-8445
Fax: (404) 588-7005
matt.vincent@suntrust.com

The information under the caption "The Dealer" has been furnished by STCM. All other information contained in this memorandum has been furnished by FPL.

Exhibit (b)-1

SQUIRE, SANDERS & DEMPSEY L.L.P.
200 South Biscayne Boulevard Suite 4000
Miami, Florida 33131-2398
Office: +1.305.577.7000
Fax: +1.305.577.7001

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

March 29, 2007

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

Re: Issuance by Florida Power & Light Company (the "Company") of $400,000,000 Principal Amount of Registered First Mortgage Bonds, 5.65% Series due February 1, 2037, $300,000,000 Principal Amount of Unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036, and $300,000,000 Principal Amount of Registered First Mortgage Bonds, 6.20% Series due June 1, 2036 (Florida Public Service Commission Docket No. 050700-EI)

Ladies and Gentlemen:

This opinion relates to: (a) the application filed by you with the Florida Public Service Commission (the "Commission") on October 4, 2005; (b) Order No. PSC-05-1154-FOF-EI issued by the Commission on November 18, 2005 (the "Order"); (c) the issuance and sale by the Company of (i) $400,000,000 principal amount of its registered First Mortgage Bonds, 5.65% Series due February 1, 2037 (the "5.65% Mortgage Bonds"), and (ii) $300,000,000 principal amount of its unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "6.20% Unregistered Mortgage Bonds"), each authorized to be issued by the Order; and (d) the issuance by the Company of $300,000,000 principal amount of its registered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "6.20% Registered Mortgage Bonds"), authorized to be issued by the Order, in exchange for the 6.20% Unregistered Mortgage Bonds. The 6.20% Registered Mortgage Bonds together with 5.65% Mortgage Bonds and 6.20% Unregistered Mortgage Bonds, are referred to as the "Bonds."

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.

The 5.65% Mortgage Bonds and the 6.20% Registered Mortgage Bonds 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.

Prior to the exchange of the 6.20% Unregistered Mortgage Bonds for the 6.20% Registered Mortgage Bonds, the 6.20% Unregistered Mortgage Bonds were 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 ten 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 opinions dated January 18, 2006 and April 24, 2006 by Thelen Reid & Priest LLP, New York, New York addressed to the underwriters of the initial sale of the 5.65% Mortgage Bonds and the 6.20% Unregistered Mortgage Bonds, respectively, and we have assumed that there have been no changes in fact or law since the date of such opinion that would impact the conclusions of law contained therein.

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

Very truly yours,

Squire, Sanders & Dempsey L.L.P.

SQUIRE, SANDERS & DEMPSEY L.L.P.

Exhibit (b)-1B

SQUIRE, SANDERS & DEMPSEY L.L.P.
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Miami, Florida 33131-2398
Office: +1.305.577.7000
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SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

March 29, 2007

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

Re: Issuance by Florida Power & Light Company (the "Company") of $250,000,000 long-term debt pursuant to that Credit Agreement, dated as of May 10, 2006 (the "Credit Agreement"), among the Company, the Lenders parties thereto, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent for the Lenders (Florida Public Service Commission Docket No. 050700-EI)

This opinion relates to: (a) the application filed by you with the Florida Public Service Commission (the "Commission") on October 4, 2005; (b) Order No. PSC-05-1154-FOF-EI issued by the Commission on November 18, 2005 (the "Order"); and (c) the issuance and sale by the Company of $250,000,000 principal amount of long-term debt pursuant to the provisions of the Credit Agreement (the "Debt"), which Debt was authorized to be issued pursuant to the Order.

We have acted as counsel to the Company in connection with the documents described in Schedule I attached hereto and made a part hereof (the "Operative Documents").

We have made such examinations of the federal law of the United States and of the laws of the State of Florida and the State of New York as we have deemed relevant for purposes of this opinion, and have not made any independent review of the law of any other state or other jurisdiction; *provided however,* we have made no investigation as to, and we express no opinion with respect to, any securities or blue sky laws of any state, any state or federal tax laws, or any matters relating to the Public Utility Holding Company Act of 2005, the Energy Policy Act of 2005, the Public Utility Regulatory Policies Act of 1978, the Federal Power Act, or the rules and regulations under any of the foregoing, and, additionally, the opinions contained herein shall not be construed as expressing any opinion regarding local statutes, ordinances, administrative decisions, or regarding the rules and regulations of counties, towns, municipalities or special political subdivisions (whether created or enabled through legislative action at the state or regional level), or regarding judicial decisions to the extent they deal with any of the foregoing (collectively, "Excluded Laws"). Subject to the foregoing provisions of this paragraph, the opinions expressed herein are limited solely to the federal law of the United States and the law of the State of Florida and the State of New York insofar as they bear on the matters covered hereby.

We have reviewed only the Operative Documents and the other documents and instruments described in Schedule II attached hereto and made a part hereof (together with the Operative Documents, the "Documents") and have made no other investigation or inquiry. We have also relied, without additional investigation, upon the facts set forth in the representations made by the Company in the Documents.

In our examination of the foregoing and in rendering the following opinions, in addition to the assumptions contained elsewhere in this letter, we have, with your consent, assumed without investigation (and we express no opinion regarding the following):

(a) the genuineness of all signatures (other than signatures of the Company on the Operative Documents) and the legal capacity of all individuals who executed Documents individually or on behalf of any of the parties thereto, the accuracy and completeness of each Document submitted for our review, the authenticity of all Documents submitted to us as originals, the conformity to original Documents of all Documents submitted to us as certified or photocopies and the authenticity of the originals of such copies;

(b) that each of the parties to the Operative Documents (other than the Company) is a duly organized or created, validly existing entity in good standing under the laws of the jurisdiction of its organization or creation;

(c) the due execution and delivery of the Operative Documents by all parties thereto (other than the Company);

(d) that all parties to the Operative Documents (other than the Company) have the power and authority to execute and deliver the Operative Documents, as applicable, and to perform their respective obligations under the Operative Documents, as applicable;

(e) that each of the Operative Documents is the legal, valid and binding obligation of each party thereto (other than the Company), enforceable in each case against each such party in accordance with the respective terms of the applicable Operative Documents;

(f) that the conduct of the parties to the Operative Documents has complied with all applicable requirements of good faith, fair dealing and conscionability;

(g) that there are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of any of the Operative Documents (except as specifically set forth in the Operative Documents); and

(h) that none of the addressees of this letter know that the opinions set forth herein are incorrect and there has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence relating to the matters which are the subject of our opinions.

Based solely upon our examination and consideration of the Documents, and in reliance thereon, and in reliance upon the factual representations contained in the Documents (including the Officer's Certificate described in Schedule II upon which we have relied only as to matters of fact), and our consideration of such matters of law and fact as we have considered necessary or appropriate for the expression of the opinions contained herein, and subject to the limitations, qualifications and assumptions expressed herein, we are of the opinion that:

1. The execution, delivery and performance of the Operative Documents entered into by the Company have been duly authorized by all necessary corporate action of the Company and the Operative Documents to which the Company is a party have been duly executed and delivered by the Company.

2. Each of the Operative Documents to which the Company is a party, and the Debt created thereunder, constitute valid and binding obligations of the Company enforceable against the Company in accordance with its terms.

The opinions set forth above are subject to the following qualifications:

A. The enforceability of the Operative Documents may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other laws affecting creditors' rights generally, considerations of public policy and by general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law. Without limiting the generality of the foregoing, we express no opinion concerning:

(i) any purported waiver of legal rights of the Company under any of the Operative Documents, or any purported consent thereunder, relating to the rights of the Company (including, without limitation, marshaling of assets, reinstatement and rights of redemption, if any), or duties owing to it, existing as a matter of law (including, without limitation, any waiver of any provision of the Uniform Commercial Code in effect in the State of New York and/or the State of Florida) except to the extent the Company may so waive and has effectively so waived (whether in any of the Operative Documents or otherwise); or

(ii) any provisions in any of the Operative Documents (a) restricting access to legal or equitable redress or otherwise, requiring submission to the jurisdiction of the courts of a particular state where enforcement thereof is deemed to be unreasonable in light of the circumstances or waiving any rights to object to venue or inconvenient forum, (b) providing that any other party's course of dealing, delay or failure to exercise any right,

remedy or option under any of the Operative Documents shall not operate as a waiver, (c) purporting to establish evidentiary standards for suits or proceedings to enforce any of the Operative Documents, (d) allowing any party to declare indebtedness to be due and payable or to otherwise exercise any remedies with respect to collateral, in any such case without notice, (e) providing for the reimbursement by the non-prevailing party of the prevailing party's legal fees and expenses; (f) with respect to the enforceability of the indemnification provisions in any of the Operative Documents which may be limited by applicable laws or public policy, (g) providing that forum selection clauses are binding on the court or courts in the forum selected, (h) limiting judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs, (i) which deny a party who has materially failed to render or offer performance required by any of the Operative Documents the opportunity to cure that failure unless permitting a cure would unreasonably hinder the non-defaulting party from making substitute arrangements for performance or unless it was important in the circumstances to the non-defaulting party that performance occur by the date stated in the agreement, or (j) which purport to waive any right to trial by jury.

B. The foregoing opinions are subject to applicable laws with respect to statutory limitations of the time periods for bringing actions.

This opinion is limited to the matters stated herein and no opinions may be implied or inferred beyond the matters expressly stated herein. We have assumed no obligation to advise you or any other person who may be permitted to rely on the opinions expressed herein as hereinafter set forth beyond the opinions specifically expressed herein.

The opinions expressed herein are as of this date, and we assume no obligation to update or supplement our opinions to reflect any facts or circumstances which may come to our attention or any changes in law which may occur.

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

Very truly yours,

Squire, Sanders & Dempsey L.L.P.

SQUIRE, SANDERS & DEMPSEY L.L.P.

SCHEDULE I
TO
OPINION OF SQUIRE, SANDERS & DEMPSEY L.L.P.

List of Operative Documents

(1) Credit Agreement, dated as of May 10, 2006 (the "Credit Agreement"), by and among the Company, the Lenders and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent for the Lenders.

(2) Notice of Borrowing, dated May 10, 2006, given by the Company to The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent for the Lenders.

SCHEDULE II
TO
OPINION OF SQUIRE, SANDERS & DEMPSEY L.L.P.

List of Supporting Documents

(1) Constituent Documents - Florida Power & Light Company:

(a) Restated Articles of Incorporation of the Company, as amended, certified by the Secretary of State of Florida as of April 18, 2006.

(b) Certificate of the Secretary of State of Florida, dated as of April 18, 2006, with respect to the active status of the Company in the State of Florida.

(c) Certificate of the Secretary of the Company, with respect to (i) Restated Articles of Incorporation of the Company, as amended, (ii) the Bylaws, as amended, of the Company, (iii) the resolutions of the Board of Directors of the Company approving the transactions contemplated pursuant to the Operative Documents; and (iv) the incumbency and specimen signatures of the officers of the Company executing the Operative Documents on behalf of the Company.

(2) Certificate of an officer of the Company, dated as of May 10, 2006.

(3) Final Order Granting Approval for Authority to Issue and Sell Securities issued by the Florida Public Service Commission on November 18, 2005, as Order No. PSC-05-1154-FOF-EI.

Exhibit (b)-1C

STEEL HECTOR & DAVIS
LIMITED LIABILITY PARTNERSHIP

Steel Hector & Davis LLP
200 South Biscayne Boulevard
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305.577.7000
305.577.7001 Fax
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August 5, 2005

J.P. Morgan Securities Inc.
270 Park Avenue – 8th Floor
New York, New York 10017

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

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd floor
Atlanta, Georgia 30308

Ladies and Gentlemen:

We have acted as counsel to Florida Power & Light Company, a Florida corporation (the "Company"), in connection with the proposed offering and sale from time to time by the Company in the United States of commercial paper in the form of short-term promissory notes in the aggregate principal amount of not to exceed One Billion Dollars ($1,000,000,000) (the "Notes").

We have reviewed (i) specimen forms of master notes, (ii) executed copies of the Commercial Paper Dealer Agreement dated August 5, 2005, between the Company and each of you, as Dealer (collectively, the "Agreement"), (iii) an executed copy of the Issuing and Paying Agency Agreement dated August 5, 2005 (the "Issuing and Paying Agency Agreement") between the Company and JPMorgan Chase Bank, N.A., as issuing and paying agent (the "Issuing and Paying Agent"), (iv) the Company's no-action letters dated July 12, 1974 and July 30, 1974, and other no-action letters addressing Section 3(a)(3) of the Securities Act of 1933, as amended ("Securities Act"), that we deemed relevant, from the staff of the Securities and Exchange Commission, (v) the corporate proceedings with respect to the authorization, issuance and sale of the Notes, (vi) the Company's Restated Articles of Incorporation (the "Charter") and Bylaws (the "Bylaws"), each as amended to the date hereof, (vii) the Offering Memorandum of the Company dated August 5, 2005 with respect to J.P. Morgan Securities Inc. (the "J. P. Morgan Offering Memorandum"), (viii) the Offering Memorandum of the Company dated August 5, 2005 with respect to Merrill Lynch Money Markets Inc. (the "Merrill Lynch Offering Memorandum"), (ix) the Offering Memorandum of the Company dated August 5, 2005 with respect to SunTrust Capital Markets, Inc. (the "SunTrust Offering Memorandum", and together with the J. P. Morgan Offering Memorandum and the Merrill Lynch Offering Memorandum, collectively the "Offering Memorandum") and (x) such other corporate records,

certificates from officers of the Company and documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

In rendering such opinion, we have assumed that the Notes will conform to the specimen forms of master notes examined by us and we have assumed the genuineness of all documents submitted to us as originals, and the conformity to the originals and genuineness of all documents submitted to us as copies. We have relied upon the factual representations set forth in certificates from officers of the Company.

Capitalized terms used herein without definition are used as defined in the Agreement.

Upon the basis of the foregoing, it is our opinion that:

1. The Company is a validly organized and existing corporation in good standing under the laws of the State of Florida and has all the requisite power and authority to execute, deliver and perform its obligations under the Notes, the Agreement, and the Issuing and Paying Agency Agreement.

2. Each of the Agreement and the Issuing and Paying Agency Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered by the Company, and is a valid and binding instrument enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and subject to any laws or principles of public policy limiting the rights to enforce any limitation on liability or the indemnification, reimbursement or contribution provisions contained therein.

3. The Notes have been duly authorized, and when issued and delivered against consideration therefor as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and delivered and will constitute valid and binding instruments enforceable against the Company in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4. The offer, issuance, sale and delivery of Notes under the circumstances contemplated by, and in accordance with the provisions of, the Agreement and the Issuing and

Paying Agency Agreement do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 3(a)(3) thereof, and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

5. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority (other than the Florida Public Service Commission with respect to the Notes) is required to authorize, or is otherwise required in connection with the execution, delivery or performance of the Agreement, the Notes, or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes as to which we express no opinion and except for those consents, actions, filings or registrations as have already been obtained or made.

6. The Notes are being issued and sold during 2005 and 2006 pursuant to the authority contained in the order of the Florida Public Service Commission issued October 25, 2004, which authority is adequate to permit the issuance and sale of the Notes during 2005 and 2006 in an amount such that the aggregate principal amount of the Notes outstanding at the time of sale (taking the sale into account), when aggregated with all other short-term securities issued by the Company and outstanding at such time, does not exceed 25% of the Company's gross revenues for the preceding 12 months of operation. To our knowledge after due investigation, said authorization is in full force and effect, and no further approval, authorization, consent or order of the Florida Public Service Commission is legally required for the authorization of the issuance and sale of the Notes during 2005 and 2006.

7. Neither the execution and delivery of the Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions thereof by the Company, will result in a breach by the Company of (i) 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 the Company is a party, except in the case of any such indenture, mortgage, deed of trust or other agreement or instrument where such breach or default would not have a material adverse effect on the business, properties or financial condition of the Company, or (ii) or any law or regulation, or any order (other than laws, regulations or orders addressed in paragraphs numbered 4, 5 and 6 above), writ, injunction or decree of any court or government instrumentality known to us, to which the Company is subject or by which it or its property is bound.

8. Except as stated or referred to in the Offering Materials or the Company Information, to our knowledge after due inquiry, there is no material pending legal proceeding to

which the Company is a party or of which property of the Company is the subject which is reasonably likely to be determined adversely and, if determined adversely, would have a material adverse effect on the Company and its subsidiaries taken as a whole or on the ability of the Company to perform its obligations under the Agreement, the Notes or the Issuing and Paying Agency Agreement, and, to the best of our knowledge, no such proceeding is known to be contemplated by governmental authorities.

9. The Company is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The opinions expressed herein are given as of the date hereof, and we assume no obligation to update or supplement such opinions to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or hereafter become effective.

This opinion is limited to matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly stated herein.

This opinion may be relied upon by you only in connection with the transactions contemplated by the Agreement and the Issuing and Paying Agency Agreement and may not otherwise be used or relied upon by you or any other person for any purpose whatsoever, without in each instance our prior written consent. This opinion may be delivered to the Issuing and Paying Agent and any nationally recognized rating agency (in connection with the rating of the Notes), each of which may rely on this opinion to the same extent as if such opinion were addressed to it.

We have made such examinations of the federal law of the United States and the laws of the State of Florida as we have deemed relevant for the purposes of this opinion, and have not made any independent review of the law of any other state or other jurisdiction; provided however, we have made no investigation as to, and we express no opinion with respect to, any state securities or blue sky laws, any laws of the United States relating to siting or permitting of electric generation or ancillary facilities or the protection of human health or safety with respect to hazardous materials or the protection of the environment from contamination by hazardous materials, or tax laws of any state or the United States or any matters relating to the Public Utility Holding Company Act of 1935, the Public Utility Regulatory Policies Act of 1978, the Federal Power Act, the Natural Gas Act of 1938, or the Natural Gas Policy Act of 1978, in each case as amended, or the rules, regulations and orders under any of the foregoing, local statutes,

STEEL
HECTOR
DAVIS
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ordinances, administrative decisions, or regarding the rules and regulations of counties, towns, municipalities or special political subdivisions (whether created or enabled through legislative action at the state or regional level), or regarding judicial decisions to the extent they deal with any of the foregoing (collectively, the "Excluded Laws"). The opinions expressed herein are limited solely to the federal law of the United States and the laws of the State of Florida, except for Excluded Laws (collectively, the "Applicable Laws").

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 Applicable Laws. 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 Florida law, Thelen Reid & Priest LLP is hereby authorized to rely upon this opinion as though it were rendered to such firm.

Very truly yours,

Steel Hector & Davis LLP

STEEL HECTOR & DAVIS LLP

Thelen Reid & Priest LLP
Attorneys At Law

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August 5, 2005

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New York, New York 10017

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd floor
Atlanta, Georgia 30308

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

Ladies and Gentlemen:

We have acted as special counsel to Florida Power & Light Company, a Florida corporation (the "Company"), in connection with the proposed offering and sale from time to time by the Company in the United States of commercial paper in the form of short-term promissory notes in the aggregate principal amount of not to exceed One Billion Dollars ($1,000,000,000) (the "Notes").

We have reviewed (i) specimen forms of master notes, (ii) executed copies of the Commercial Paper Dealer Agreement dated August 5, 2005, between the Company and each of you, as Dealer (collectively, the "Agreement"), (iii) an executed copy of the Issuing and Paying Agency Agreement dated August 5, 2005 (the "Issuing and Paying Agency Agreement") between the Company and JPMorgan Chase Bank, N.A., as issuing and paying agent (the "Issuing and Paying Agent"), (iv) the Company's no-action letters dated July 12, 1974 and July 30, 1974, and other no-action letters addressing Section 3(a)(3) of the Securities Act of 1933, as amended ("Securities Act"), that we deemed relevant, from the staff of the Securities and Exchange Commission, (v) the corporate proceedings with respect to the authorization, issuance and sale of the Notes, (vi) the Company's Restated Articles of Incorporation(the "Charter") and Bylaws (the "Bylaws"), each as amended to the date hereof, (vii) the Offering Memorandum of the Company dated August 5, 2005 with respect to J.P. Morgan Securities Inc. (the "J. P. Morgan Offering Memorandum"), (viii) the Offering Memorandum of the Company dated August 5, 2005 with respect to Merrill Lynch Money Markets Inc. (the "Merrill Lynch Offering Memorandum"), (ix) the Offering Memorandum of the Company dated August 5, 2005 with respect to SunTrust Capital Markets, Inc. (the "SunTrust Offering Memorandum", and together with the J. P. Morgan Offering Memorandum and the Merrill Lynch Offering Memorandum, collectively the "Offering Memorandum") and (x) such other corporate records, certificates from officers of the Company and documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

In rendering such opinion, we have assumed that the Notes will conform to the specimen forms of master notes examined by us and we have assumed the genuineness of all documents submitted to us as originals, and the conformity to the originals and genuineness of all documents submitted to us as copies. We have relied upon the factual representations set forth in certificates from officers of the Company.

Capitalized terms used herein without definition are used as defined in the Agreement.

Upon the basis of the foregoing, it is our opinion that:

1. Each of the Agreement and the Issuing and Paying Agency Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered by the Company, and is a valid and binding instrument enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and subject to any laws or principles of public policy limiting the rights to enforce any limitation on liability or the indemnification, reimbursement or contribution provisions contained therein.

2. The Notes have been duly authorized, and when issued and delivered against consideration therefor as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and delivered and will constitute valid and binding instruments enforceable against the Company in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

3. The offer, issuance, sale and delivery of Notes under the circumstances contemplated by, and in accordance with the provisions of, the Agreement and the Issuing and Paying Agency Agreement do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 3(a)(3) thereof, and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

4. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority (other than the Florida Public Service Commission with respect to the Notes) is required to authorize, or is otherwise required in connection with the execution, delivery or performance of the Agreement, the Notes, or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes as to which we express no opinion and except for those consents, actions, filings or registrations as have already been obtained or made.

5. The Notes are being issued and sold during 2005 and 2006 pursuant to the authority contained in the order of the Florida Public Service Commission issued October 25, 2004, which authority is adequate to permit the issuance and sale of the Notes during 2005 and 2006 in an amount such that the aggregate principal amount of the Notes outstanding at the time of sale (taking the sale into account), when aggregated with all other short-term securities issued by the Company and outstanding at such time, does not exceed 25% of the Company's gross revenues for the preceding 12 months of operation. To our knowledge after due investigation, said authorization is in full force and effect, and no further approval, authorization, consent or order of the Florida Public Service Commission is legally required for the authorization of the issuance and sale of the Notes during 2005 and 2006.

6. Neither the execution and delivery of the Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions thereof by the Company, will result in a breach by the Company of (i) 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 the Company is a party, except in the case of any such indenture, mortgage, deed of trust or other agreement or instrument where such breach or default would not have a material adverse effect on the business, properties or financial condition of the Company, or (ii) or any law or regulation, or any order (other than laws, regulations or orders addressed in paragraphs numbered 3, 4 and 5 above), writ, injunction or decree of any court or government instrumentality known to us, to which the Company is subject or by which it or its property is bound.

7. The Company is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The opinions expressed herein are given as of the date hereof, and we assume no obligation to update or supplement such opinions to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or hereafter become effective.

This opinion is limited to matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly stated herein.

This opinion may be relied upon by you only in connection with the transactions contemplated by the Agreement and the Issuing and Paying Agency Agreement and may not otherwise be used or relied upon by you or any other person for any purpose whatsoever, without in each instance our prior written consent. This opinion may be delivered to the Issuing and Paying Agent and any nationally recognized rating agency (in connection with the rating of the Notes), each of which may rely on this opinion to the same extent as if such opinion were addressed to it.

We have made such examinations of the federal law of the United States and the laws of the State of Florida as we have deemed relevant for the purposes of this opinion, and have not made any independent review of the law of any other state or other jurisdiction; provided however, we have made no investigation as to, and we express no opinion with respect to, any state securities or blue sky laws, any laws of the United States relating to siting or permitting of electric generation or ancillary facilities or the protection of human health or safety with respect to hazardous materials or the protection of the environment from contamination by hazardous materials, or tax laws of any state or the United States, or the rules, regulations and orders under any of the foregoing, local statutes, ordinances, administrative decisions, or regarding the rules and regulations of counties, towns, municipalities or special political subdivisions (whether created or enabled through legislative action at the state or regional level), or regarding judicial decisions to the extent they deal with any of the foregoing (collectively, the "Excluded Laws"). The opinions expressed herein are limited solely to the federal law of the United States and the laws of the State of New York, except for Excluded Laws (collectively, the "Applicable Laws").

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, and accordingly, this opinion is limited to the Applicable Laws. We do not pass upon matters relating to the incorporation of the Company. 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.

Very truly yours,

Thelen Reid & Priest LLP

THELEN REID & PRIEST LLP

SQUIRE, SANDERS & DEMPSEY L.L.P.
Including
STEEL HECTOR & DAVIS LLP

200 South Biscayne Boulevard Suite 4000
Miami, Florida 33131-2398

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SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

January 31, 2006

J.P. Morgan Securities Inc.
270 Park Avenue – 8th Floor
New York, New York 10017

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

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd floor
Atlanta, Georgia 30308

Ladies and Gentlemen:

We have acted as counsel to Florida Power & Light Company, a Florida corporation (the "Company"), in connection with the proposed offering and sale from time to time by the Company in the United States of commercial paper in the form of short-term promissory notes in the aggregate principal amount of not to exceed Two Billion Dollars ($2,000,000,000) (the "Notes").

We have reviewed (i) specimen forms of master notes, (ii) executed copies of the Commercial Paper Dealer Agreement dated August 5, 2005, between the Company and each of you, as Dealer (collectively, the "Agreement"), (iii) an executed copy of the Issuing and Paying Agency Agreement dated August 5, 2005 (the "Issuing and Paying Agency Agreement") between the Company and JPMorgan Chase Bank, N.A., as issuing and paying agent (the "Issuing and Paying Agent"), (iv) the Company's no-action letters dated July 12, 1974 and July 30, 1974, and other no-action letters addressing Section 3(a)(3) of the Securities Act of 1933, as amended ("Securities Act"), that we deemed relevant, from the staff of the Securities and Exchange Commission, (v) the corporate proceedings with respect to the authorization, issuance and sale of the Notes, (vi) the Company's Restated Articles of Incorporation (the "Charter") and Bylaws (the "Bylaws"), each as amended to the date hereof, (vii) the Offering Memorandum of the Company dated January 31, 2006 with respect to J.P. Morgan Securities Inc. (the "J. P. Morgan Offering Memorandum"), (viii) the Offering Memorandum of the Company dated January 31, 2006 with respect to Merrill Lynch Money Markets Inc. (the "Merrill Lynch Offering Memorandum"), (ix) the Offering Memorandum of the Company dated January 31, 2006 with respect to SunTrust Capital Markets, Inc. (the "SunTrust Offering

Memorandum", and together with the J. P. Morgan Offering Memorandum and the Merrill Lynch Offering Memorandum, collectively the "Offering Memorandum") and (x) such other corporate records, certificates from officers of the Company and documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

In rendering such opinion, we have assumed that the Notes will conform to the specimen forms of master notes examined by us and we have assumed the genuineness of all documents submitted to us as originals, and the conformity to the originals and genuineness of all documents submitted to us as copies. We have relied upon the factual representations set forth in the Agreement, the Issuing and Paying Agency Agreement and certificates from officers of the Company and have assumed compliance by the Company with the terms and provisions of the Agreement and the Issuing and Paying Agency Agreement.

Capitalized terms used herein without definition are used as defined in the Agreement.

Upon the basis of the foregoing, it is our opinion that:

1. The Company is a validly organized and existing corporation in good standing under the laws of the State of Florida and has all the requisite power and authority to execute, deliver and perform its obligations under the Notes, the Agreement, and the Issuing and Paying Agency Agreement.

2. Each of the Agreement and the Issuing and Paying Agency Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered by the Company, and is a valid and binding instrument enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and subject to any laws or principles of public policy limiting the rights to enforce any limitation on liability or the indemnification, reimbursement or contribution provisions contained therein.

3. The Notes have been duly authorized, and when issued and delivered against consideration therefor as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and delivered and will constitute valid and binding instruments enforceable against the Company in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4. The offer, issuance, sale and delivery of Notes under the circumstances contemplated by, and in accordance with the provisions of, the Agreement and the Issuing and

Paying Agency Agreement do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 3(a)(3) thereof, and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

5. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority (other than the Florida Public Service Commission with respect to the Notes) is required to authorize, or is otherwise required in connection with the execution, delivery or performance of the Agreement, the Notes, or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes as to which we express no opinion and except for those consents, actions, filings or registrations as have already been obtained or made.

6. The Notes are being issued and sold during 2006 and 2007 pursuant to the authority contained in the order of the Florida Public Service Commission issued November 18, 2005, which authority is adequate to permit the issuance and sale of the Notes during 2006 and 2007 in an amount such that the aggregate principal amount of the Notes outstanding at the time of sale (taking the sale into account), when aggregated with all other short-term securities issued by the Company and outstanding at such time, does not exceed Two Billion Dollars ($2,000,000,000). To our knowledge after due investigation, said authorization is in full force and effect, and no further approval, authorization, consent or order of the Florida Public Service Commission is legally required for the authorization of the issuance and sale of the Notes during 2006 and 2007.

7. Neither the execution and delivery of the Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions thereof by the Company, has resulted or will result in a breach by the Company of (i) 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 the Company is a party, except in the case of any such indenture, mortgage, deed of trust or other agreement or instrument where such breach or default would not have a material adverse effect on the business, properties or financial condition of the Company, or (ii) any law or regulation, or any order (other than laws, regulations or orders addressed in paragraphs numbered 4, 5 and 6 above), writ, injunction or decree of any court or government instrumentality known to us, to which the Company is subject or by which it or its property is bound.

8. Except as stated or referred to in the Offering Materials or the Company Information, to our knowledge after due inquiry, there is no material pending legal proceeding to which the Company is a party or of which property of the Company is the subject which is reasonably likely to be determined adversely and, if determined adversely, would have a material

adverse effect on the Company and its subsidiaries taken as a whole or on the ability of the Company to perform its obligations under the Agreement, the Notes or the Issuing and Paying Agency Agreement, and, to the best of our knowledge, no such proceeding is known to be contemplated by governmental authorities.

9. The Company is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The opinions expressed herein are given as of the date hereof, and we assume no obligation to update or supplement such opinions to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or hereafter become effective.

This opinion is limited to matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly stated herein.

This opinion may be relied upon by you only in connection with the transactions contemplated by the Agreement and the Issuing and Paying Agency Agreement and may not otherwise be used or relied upon by you or any other person for any purpose whatsoever, without in each instance our prior written consent. This opinion may be delivered to the Issuing and Paying Agent and any nationally recognized rating agency (in connection with the rating of the Notes), each of which may rely on this opinion to the same extent as if such opinion were addressed to it.

We have made such examinations of the federal law of the United States and the laws of the State of Florida as we have deemed relevant for the purposes of this opinion, and have not made any independent review of the law of any other state or other jurisdiction; provided however, we have made no investigation as to, and we express no opinion with respect to, any state securities or blue sky laws, any laws of the United States relating to siting or permitting of electric generation or ancillary facilities or the protection of human health or safety with respect to hazardous materials or the protection of the environment from contamination by hazardous materials, or tax laws of any state or the United States or any matters relating to the Public Utility Holding Company Act of 1935, the Public Utility Holding Company Act of 2005, the Public Utility Regulatory Policies Act of 1978, the Federal Power Act, the Natural Gas Act of 1938, the Natural Gas Policy Act of 1978, or the Energy Policy Act of 2005, in each case as amended, or the rules, regulations and orders under any of the foregoing, local statutes, ordinances, administrative decisions, or regarding the rules and regulations of counties, towns, municipalities or special political subdivisions (whether created or enabled through legislative action at the state or regional level), or regarding judicial decisions to the extent they deal with any of the foregoing (collectively, the "Excluded Laws"). The opinions expressed herein are

limited solely to the federal law of the United States and the laws of the State of Florida, except for Excluded Laws (collectively, the "Applicable Laws").

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 Applicable Laws. 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 Florida law, Thelen Reid & Priest LLP is hereby authorized to rely upon this opinion as though it were rendered to such firm.

Very truly yours,

Squire, Sanders & Dempsey L.L.P.

SQUIRE, SANDERS & DEMPSEY L.L.P.

Thelen Reid & Priest LLP
Attorneys At Law

875 Third Avenue
New York, NY 10022
Tel. 212.603.2000
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January 31, 2006

J.P. Morgan Securities Inc.
270 Park Avenue – 8th Floor
New York, New York 10017

SunTrust Capital Markets, Inc.
303 Peachtree Street, 23rd floor
Atlanta, Georgia 30308

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

Ladies and Gentlemen:

We have acted as special counsel to Florida Power & Light Company, a Florida corporation (the "Company"), in connection with the proposed offering and sale from time to time by the Company in the United States of commercial paper in the form of short-term promissory notes in the aggregate principal amount of not to exceed Two Billion Dollars ($2,000,000,000) (the "Notes").

We have reviewed (i) specimen forms of master notes, (ii) executed copies of the Commercial Paper Dealer Agreement dated August 5, 2005, between the Company and each of you, as Dealer (collectively, the "Agreement"), (iii) an executed copy of the Issuing and Paying Agency Agreement dated August 5, 2005 (the "Issuing and Paying Agency Agreement") between the Company and JPMorgan Chase Bank, N.A., as issuing and paying agent (the "Issuing and Paying Agent"), (iv) the Company's no-action letters dated July 12, 1974 and July 30, 1974, and other no-action letters addressing Section 3(a)(3) of the Securities Act of 1933, as amended ("Securities Act"), that we deemed relevant, from the staff of the Securities and Exchange Commission, (v) the corporate proceedings with respect to the authorization, issuance and sale of the Notes, (vi) the Company's Restated Articles of Incorporation (the "Charter") and Bylaws (the "Bylaws"), each as amended to the date hereof, (vii) the Offering Memorandum of the Company dated January 31, 2006 with respect to J.P. Morgan Securities Inc. (the "J. P. Morgan Offering Memorandum"), (viii) the Offering Memorandum of the Company dated January 31, 2006 with respect to Merrill Lynch Money Markets Inc. (the "Merrill Lynch Offering Memorandum"), (ix) the Offering Memorandum of the Company dated January 31, 2006 with respect to SunTrust Capital Markets, Inc. (the "SunTrust Offering Memorandum", and together with the J. P. Morgan Offering Memorandum and the Merrill Lynch Offering Memorandum, collectively the "Offering Memorandum") and (x) such other corporate records, certificates from officers of the Company and documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

In rendering such opinion, we have assumed that the Notes will conform to the specimen forms of master notes examined by us and we have assumed the genuineness of all documents submitted to us as originals, and the conformity to the originals and genuineness of all documents submitted to us as copies. We have relied upon the factual representations set forth in the Agreement, the Issuing and Paying Agency Agreement and certificates from officers of the Company and have assumed compliance

by the Company with the terms and provisions of the Agreement and the Issuing and Paying Agency Agreement.

Capitalized terms used herein without definition are used as defined in the Agreement.

Upon the basis of the foregoing, it is our opinion that:

1. Each of the Agreement and the Issuing and Paying Agency Agreement has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered by the Company, and is a valid and binding instrument enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and subject to any laws or principles of public policy limiting the rights to enforce any limitation on liability or the indemnification, reimbursement or contribution provisions contained therein.

2. The Notes have been duly authorized, and when issued and delivered against consideration therefor as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and delivered and will constitute valid and binding instruments enforceable against the Company in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

3. The offer, issuance, sale and delivery of Notes under the circumstances contemplated by, and in accordance with the provisions of, the Agreement and the Issuing and Paying Agency Agreement do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 3(a)(3) thereof, and do not require compliance with any provision of the Trust Indenture Act of 1939, as amended.

4. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority (other than the Florida Public Service Commission with respect to the Notes) is required to authorize, or is otherwise required in connection with the execution, delivery or performance of the Agreement, the Notes, or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes as to which we express no opinion and except for those consents, actions, filings or registrations as have already been obtained or made.

5. The Notes are being issued and sold during 2006 and 2007 pursuant to the authority contained in the order of the Florida Public Service Commission issued November 18, 2005, which authority is adequate to permit the issuance and sale of the Notes during 2006 and 2007 in an amount such that the aggregate principal amount of the Notes outstanding at the time of sale (taking the sale into account), when aggregated with all other short-term securities issued by the Company and outstanding at such time, does not exceed Two Billion Dollars ($2,000,000,000). To our knowledge after due investigation, said authorization is in full force and effect, and no further approval, authorization,

consent or order of the Florida Public Service Commission is legally required for the authorization of the issuance and sale of the Notes during 2006 and 2007.

6. Neither the execution and delivery of the Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions thereof by the Company, has resulted or will result in a breach by the Company of (i) 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 the Company is a party, except in the case of any such indenture, mortgage, deed of trust or other agreement or instrument where such breach or default would not have a material adverse effect on the business, properties or financial condition of the Company, or (ii) any law or regulation, or any order (other than laws, regulations or orders addressed in paragraphs numbered 3, 4 and 5 above), writ, injunction or decree of any court or government instrumentality known to us, to which the Company is subject or by which it or its property is bound.

7. The Company is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The opinions expressed herein are given as of the date hereof, and we assume no obligation to update or supplement such opinions to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or hereafter become effective.

This opinion is limited to matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly stated herein.

This opinion may be relied upon by you only in connection with the transactions contemplated by the Agreement and the Issuing and Paying Agency Agreement and may not otherwise be used or relied upon by you or any other person for any purpose whatsoever, without in each instance our prior written consent. This opinion may be delivered to the Issuing and Paying Agent and any nationally recognized rating agency (in connection with the rating of the Notes), each of which may rely on this opinion to the same extent as if such opinion were addressed to it.

We have made such examinations of the federal law of the United States and the laws of the State of New York as we have deemed relevant for the purposes of this opinion, and have not made any independent review of the law of any other state or other jurisdiction; provided however, we have made no investigation as to, and we express no opinion with respect to, any state securities or blue sky laws, any laws of the United States relating to siting or permitting of electric generation or ancillary facilities or the protection of human health or safety with respect to hazardous materials or the protection of the environment from contamination by hazardous materials, or tax laws of any state or the United States, or the rules, regulations and orders under any of the foregoing, local statutes, ordinances, administrative decisions, or regarding the rules and regulations of counties, towns, municipalities or special political subdivisions (whether created or enabled through legislative action at the state or regional level), or regarding judicial decisions to the extent they deal with any of the foregoing (collectively, the "Excluded Laws"). The opinions expressed herein are limited solely to the federal law

of the United States and the laws of the State of New York, except for Excluded Laws (collectively, the "Applicable Laws").

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, and accordingly, this opinion is limited to the Applicable Laws. We do not pass upon matters relating to the incorporation of the Company. As to all matters of Florida law, we have relied, with your consent, upon an opinion of even date herewith addressed to you by Squire, Sanders & Dempsey L.L.P., Miami, Florida. As to all matters of New York law, Squire, Sanders & Dempsey L.L.P. is hereby authorized to rely upon this opinion as though it were rendered to Squire, Sanders & Dempsey L.L.P.

Very truly yours,

Thelen Reid & Priest LLP

THELEN REID & PRIEST LLP

Exhibit (c)-1A

PROSPECTUS SUPPLEMENT
(To prospectus dated August 19, 2004)

Florida Power & Light Company

First Mortgage Bonds, $400,000,000 5.65% Series due February 1, 2037

Florida Power & Light Company will pay interest on the securities on February 1 and August 1 of each year, beginning August 1, 2006. Florida Power & Light Company may redeem some or all of the securities at any time before their maturity date at the redemption price discussed under "Certain Terms of the Offered Bonds—Redemption" beginning on page S-7 of this prospectus supplement.

Florida Power & Light Company does not plan to list the securities on any securities exchange. The securities 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" on page 8 of the accompanying prospectus.

See "Risk Factors" beginning on page S-3 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 or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per First Mortgage Bond	Total
Price to Public	99.288%	$397,152,000
Underwriting Discount	0.875%	$ 3,500,000
Proceeds to Florida Power & Light Company (before expenses)	98.413%	$393,652,000

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, on or about January 18, 2006.

Joint Book-Running Managers

Banc of America Securities LLC **Lehman Brothers**

Co-Managers

Calyon Securities (USA) **LaSalle Capital Markets** **Lazard Capital Markets**

RBS Greenwich Capital **Scotia Captial**

BBVA Securities Inc. **Fortis Securities LLC** **HSBC**

HVB Capital Markets, Inc. **SunTrust Robinson Humphrey**

The date of this prospectus supplement is January 11, 2006.

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 and in any written communication from us or the underwriters specifying the final terms of the offering. Neither Florida Power & Light Company ("FPL") nor the underwriters has authorized anyone else to provide you with additional or different information. Neither FPL nor the underwriters is 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.

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RISK FACTORS

The information in this section replaces the information in the "Risk Factors" section beginning on page 2 of the accompanying prospectus.

Before purchasing the securities, investors should carefully consider the following risk factors together with the other information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus in order to evaluate an investment in the securities.

FPL is subject to complex laws and regulations and to changes in laws and regulations as well as governmental policies and regulatory actions, including initiatives regarding restructuring of the energy industry. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL.

FPL is subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 1935, the Federal Power Act, the Atomic Energy Act of 1954, the Energy Policy Act of 2005 and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission, 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 Florida Public Service Commission has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL is subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL 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.

FPL's results of operations could be affected by its ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL.

The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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 the ability to store and/or dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL's plants, or at the plants of other nuclear operators.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL could be negatively affected.

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 within established budgets 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.

The use of derivative contracts by FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL.

FPL uses derivative instruments, such as swaps, options, futures and forwards to manage its commodity and financial market risks. FPL could recognize financial losses if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

Because FPL and FPL Group, Inc. rely on access to capital markets, the inability to access capital markets on favorable terms may limit the ability of FPL to grow its business and would likely increase interest costs.

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 of FPL and FPL Group to maintain their current credit ratings could affect FPL's ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL's ability to grow its business and would likely increase interest costs.

Customer growth in FPL's service area affects its results of operations.

FPL's results of operations are affected by the growth in customer accounts in its service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

Weather affects FPL's results of operations.

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities. FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and property damage, may affect fuel supply and could require additional costs to be incurred. Recovery of these costs is subject to Florida Public Service Commission approval.

FPL is subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

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 laws, rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL in unpredictable ways.

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, 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 United States economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

FPL's ability to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.

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

FPL is subject to employee workforce factors that could affect the business and financial condition of FPL.

FPL is subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the business and financial condition of FPL.

RECENT DEVELOPMENTS

On December 18, 2005, FPL Group, which owns all of the common stock of FPL, entered into an Agreement and Plan of Merger with Constellation Energy Group, Inc. and its wholly owned subsidiary. Following the merger FPL would be an indirect subsidiary of Constellation Energy. Consummation of the merger is subject to customary closing conditions, including FPL Group and Constellation Energy shareholder approvals, the expiration or termination of any waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, approvals by public service or utility commissions of specified states and approvals from the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. On December 21, 2005, FPL Group and FPL filed with the Securities and Exchange Commission a Current Report on Form 8-K that provides additional information on the Agreement and Plan of Merger, as well as other matters, and included a copy of that agreement as an exhibit.

USE OF PROCEEDS

The information in this section adds to the information in the "Use of Proceeds" section on page 5 of the accompanying prospectus. Please read these two sections together.

FPL will add the net proceeds from the sale of the First Mortgage Bonds, 5.65% Series due February 1, 2037 ("Offered Bonds"), which are expected to be approximately $392 million (after deducting the underwriting discount and other offering expenses) to its general funds. FPL expects to use its general funds to repay FPL's short-term borrowings and for other corporate purposes. As of December 31, 2005, FPL's short-term indebtedness consisted of $1.16 billion of commercial paper outstanding, which had maturities of up to 27 days and which had

annual interest rates ranging from 4.25% to 4.43%. FPL will temporarily invest in short-term instruments any proceeds that are not immediately required for these purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The information in this section adds to the information in the "Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges Plus Preferred Dividends" section on page 5 of the accompanying prospectus. Please read these two sections together. For the fiscal year ended December 31, 2004 and for the nine months ended September 30, 2005, FPL's ratio of earnings to fixed charges were 6.74 and 6.58, respectively.

CAPITALIZATION OF FPL

The following table shows FPL's capitalization as of September 30, 2005, and as adjusted. This table, which is presented in this prospectus supplement solely to provide limited introductory information, 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.

	September 30, 2005	Adjusted(a)	
		Amount	Percent
	(Unaudited) (In Millions)		
Common Shareholder's Equity	$6,613	$6,613	64.3%
Long-term Debt (excluding current maturities)	$3,271	$3,671	35.7%
Total Capitalization	$9,884	$10,284	100.0%

(a) To give effect to the issuance of the Offered Bonds offered by this prospectus supplement. Adjusted amounts do not reflect the deduction of any underwriting discounts or other offering expenses in connection with the issuance of the Offered Bonds. Adjusted amounts also do not reflect any possible issuance and sale from time to time after the date of this prospectus supplement by FPL of additional securities.

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 7 of the accompanying prospectus. Please read these two sections together.

General. FPL will issue $400,000,000 aggregate principal amount of the Offered Bonds as a new series of First Mortgage Bonds under the Mortgage (as defined in the accompanying prospectus). The One Hundred Ninth Supplemental Indenture, dated as of January 1, 2006, supplements the Mortgage and establishes the specific terms of the Offered Bonds.

Interest and Payment. FPL will pay interest semi-annually on the Offered Bonds at 5.65% per year. The Offered Bonds will mature on February 1, 2037. 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 August 1, 2006. The record date for interest payable on any Interest Payment Date on the 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 remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date

if the Offered Bonds 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 but 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 to but excluding the next succeeding Interest Payment Date. 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 Offered Bonds at the rate of 6% per year.

Issuance of Additional Bonds. As of September 30, 2005, FPL could have issued under the Mortgage in excess of $5.5 billion of additional First Mortgage Bonds based on unfunded Property Additions (as defined in the accompanying prospectus) and in excess of $5.7 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

Dividend Restrictions. As of September 30, 2005, 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 20 basis points.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that Banc of America Securities LLC or Lehman Brothers 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 Banc of America Securities LLC or Lehman Brothers Inc. is to make such calculation but is unwilling or unable to do so, then the Trustee (as defined in the accompanying prospectus) 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 year 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 Offered Bonds, the Trustee will select the particular Offered Bonds to be redeemed by proration among registered holders of the Offered Bonds or, in some cases, by such other method that it deems proper as provided in the Mortgage. However, if the Offered Bonds are solely registered in the name of Cede & Co. and traded through DTC, then DTC will select the Offered Bonds 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 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 the post-trade settlement of securities transactions among its participants through electronic computerized book-entry transfers and pledges 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 organizations. 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 appropriate participant's 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. Transfers of ownership in the Offered Bonds are to be accomplished by entries made on the books of the participants acting on behalf of beneficial owners. 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, defaults and proposed amendments to the Offered Bonds. Beneficial owners of the Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds has agreed to obtain and transmit notices to the beneficial owners.

Redemption notices will be sent to Cede & Co., as registered holder of the Offered Bonds. If less than all of the Offered Bonds are being redeemed, DTC's practice is to determine by lot the amount of Offered Bonds of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Offered Bonds, unless authorized by a participant in accordance with DTC's procedures. 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 upon DTC's receipt of funds and corresponding detail information from FPL or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. 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 (the Trustee under the Mortgage) or FPL, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 depositary with respect to the Offered Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depositary 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 the Offered Bonds. In that event, certificates for the 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. Neither FPL nor any underwriter takes 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 between FPL and the underwriters named below, for whom Banc of America Securities LLC and Lehman Brothers Inc. are acting as representatives. 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 set forth opposite that underwriter's name in the table below:

Underwriter	Principal Amount of Offered Bonds
Banc of America Securities LLC	$140,000,000
Lehman Brothers Inc.	140,000,000
Calyon Securities (USA) Inc.	16,000,000
Greenwich Capital Markets, Inc.	16,000,000
LaSalle Financial Services, Inc.	16,000,000
Lazard Capital Markets LLC	16,000,000
Scotia Capital (USA) Inc.	16,000,000
BBVA Securities Inc.	8,000,000
Fortis Securities LLC	8,000,000
HSBC Securities (USA) Inc.	8,000,000
HVB Capital Markets, Inc.	8,000,000
SunTrust Capital Markets, Inc.	8,000,000
Total	$400,000,000

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 the Offered Bonds to the public at the price to the public set forth on the cover page of this prospectus supplement and may sell the Offered Bonds 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 the Offered Bonds to certain other dealers at a price that is less than the price to the public by no

more than the amounts of the "Initial Dealers' Concession" and the "Reallowed Dealers' Concession" set forth in the table below.

	(expressed as a percentage of principal amount)
Underwriting Discount	0.875%
Initial Dealers' Concession	0.500%
Reallowed Dealers' Concession	0.250%

An underwriter may reject offers for the Offered Bonds. After the initial public offering of the Offered Bonds, the underwriters may change the offering price and other selling terms of the Offered Bonds.

There is currently 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 such market-making activities 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, Banc of America Securities LLC and Lehman Brothers Inc. on behalf of the underwriters may purchase and sell the Offered Bonds 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 Offered Bonds 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 Offered Bonds 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 Banc of America Securities LLC or Lehman Brothers Inc., in covering syndicate short positions or making stabilizing purchases, repurchases the Offered 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.

Certain of the underwriters will make the Offered Bonds 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 those underwriters and their customers and is not a party to any transactions. Market Axess Inc., a registered broker-dealer, will receive compensation from those underwriters based on transactions those underwriters conduct through the system. Those underwriters will make the Offered Bonds available to their customers through Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

FPL estimates that its expenses in connection with the sale of the Offered Bonds, other than underwriting discounts, will be $1.7 million. This estimate includes expenses relating to Florida taxes, printing, rating agency fees, trustee's fees and legal fees, among other expenses.

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.

Lazard Capital Markets LLC ("Lazard") has entered into an agreement with Mitsubishi UFJ Securities (USA), Inc. ("MUS (USA)") pursuant to which MUS (USA) provides certain advisory and/or other services to

Lazard, including in respect of this offering. In return for this provision of such services by MUS (USA) to Lazard, Lazard will pay to MUS (USA) a mutually agreed upon fee.

Certain of the underwriters or their affiliates may engage from time to time in various general financing and commercial banking transactions with FPL and its affiliates. Affiliates of certain of the underwriters are lenders to FPL and/or affiliates of FPL under various short-term and multi-year credit agreements.

EXPERTS

The information in this section replaces the information in the "Experts" section on page 40 of the accompanying prospectus.

The consolidated financial statements as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, and management's report on the effectiveness of internal control over financial reporting as of December 31, 2004, incorporated in the accompanying prospectus by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports incorporated in the accompanying prospectus by reference (which reports (1) express an unqualified opinion on the financial statements and include an explanatory paragraph referring to FPL's changes in 2003 in its methods of accounting for special-purpose entities and for asset retirement obligations, (2) express an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting, and (3) express an unqualified opinion on the effectiveness of internal control over financial reporting), and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

The information in this section replaces the information in the "Legal Opinions" section on page 40 of the accompanying prospectus.

Squire, Sanders & Dempsey L.L.P., 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 LLP, New York, New York, will pass upon the legality of the Offered Bonds for the underwriters. Thelen Reid & Priest LLP and Hunton & Williams LLP may rely as to all matters of Florida law upon the opinion of Squire, Sanders & Dempsey L.L.P., and Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Thelen Reid & Priest LLP.

PROSPECTUS

$1,000,000,000

FLORIDA POWER & LIGHT COMPANY

First Mortgage Bonds
Preferred Stock
Junior Subordinated Debentures

FLORIDA POWER & LIGHT COMPANY TRUST I
FLORIDA POWER & LIGHT COMPANY TRUST II

Preferred Trust Securities

Guaranteed as described in this prospectus by

FLORIDA POWER & LIGHT COMPANY

Each of Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II may offer from time to time up to $1,000,000,000 of securities provided that the aggregate amount of securities offered by all such issuers may not exceed $1,000,000,000.

Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II will provide specific terms of the securities, including the 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, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II 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 39 of this prospectus also provides more information on this topic.

See "Risk Factors" beginning on page 2 of this prospectus to read about certain factors you should consider before making an investment in these securities.

Florida Power & Light Company's, Florida Power & Light Company Trust I's and Florida Power & Light Company Trust II's principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone number (561) 694-4000, and their 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.

August 19, 2004

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Florida Power & Light Company ("FPL"), Florida Power & Light Company Trust I and Florida Power & Light Company Trust II have filed with the Securities and Exchange Commission ("SEC") using a "shelf" registration process. Florida Power & Light Company Trust I and Florida Power & Light Company Trust II are each referred to in this prospectus as the "Trust."

Under this shelf registration process, FPL may offer from time to time, in one or more offerings, up to a total of $1,000,000,000 of first mortgage bonds, junior subordinated debentures and preferred stock and the Trust may offer from time to time, in one or more offerings, up to a total of $1,000,000,000 of preferred trust securities, provided that the aggregate amount of all such securities or combinations of such securities offered by FPL and the Trust under the registration statement may not exceed $1,000,000,000.

This prospectus provides you with a general description of the securities that FPL and/or the Trust may offer. Each time FPL and/or the Trust sells securities, FPL and/or the Trust will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the headings "Where You Can Find More Information" and "Incorporation by Reference."

For more detailed information about the securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

RISK FACTORS

Before purchasing the securities, investors should carefully consider the following risk factors together with the other information incorporated by reference or provided in this prospectus or in a prospectus supplement in order to evaluate an investment in the securities.

FPL is subject to complex laws and regulations and to changes in laws and regulations, including initiatives regarding restructuring of the energy industry. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL.

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, 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 Florida Public Service Commission has the authority to disallow recovery by FPL 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, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL 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.

FPL's results of operations could be affected by its ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL.

The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, 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 or contracted 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 the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL's plants or at the plants of other nuclear operators.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL could be negatively affected.

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.

The use of derivative contracts by FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL.

FPL uses derivative instruments, such as swaps, options, futures and forwards to manage its commodity and financial market risks. FPL could recognize financial losses if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

Because FPL and FPL Group rely on access to capital markets, the inability to access capital markets on favorable terms may limit the ability of FPL to grow its business and would likely increase interest costs.

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 of FPL and FPL Group to maintain their current credit ratings could affect FPL's ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

Weather conditions can affect FPL's results of operations.

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. In addition, severe

weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

FPL is subject to costs and other effects of legal proceedings, changes in tax and inflation rates, and changes in or additions to applicable tax policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

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, accounting standards, securities laws or corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL in unpredictable ways.

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, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the U.S., and the increased cost and adequacy of security and insurance.

The ability of FPL to obtain insurance and the terms of any available insurance coverage could be affected by national and company-specific events.

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 that could affect the business and financial condition of FPL.

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 that could affect the business and financial condition of FPL.

FPL

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility 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 more than 8 million. During 2003, FPL served approximately 4.1 million customer accounts. FPL Group, Inc. owns all of FPL's common stock. FPL Group is a public utility holding company, as defined in the Public Utility Holding Company Act of 1935. FPL Group is exempt from substantially all of the provisions of the Public Utility Holding Company Act of 1935.

FLORIDA POWER & LIGHT COMPANY TRUST I AND FLORIDA POWER & LIGHT COMPANY TRUST II

Florida Power & Light Company Trust I and Florida Power & Light Company Trust II are Delaware statutory trusts created pursuant to separate trust agreements among FPL as depositor of the Trust, The Bank of New York as the Property Trustee, The Bank of New York (Delaware) as the Delaware Trustee and one or more Administrative Trustees appointed by FPL. The trust agreements will be amended and restated substantially in the form filed as an exhibit to the registration statement. Each trust agreement, as so amended and restated, is referred to in this prospectus as the "Trust Agreement." The Trust exists only to issue its preferred trust securities and common trust securities and to hold the junior subordinated debentures of FPL as trust assets. All of the common trust securities will be owned by FPL. The common trust securities will represent at least 3% of the total capital of the Trust. Payments on any distribution payment date or redemption date will be made on the common trust securities pro rata with the preferred trust securities, except that the common trust securities' right to payment will

be subordinated to the rights of the preferred trust securities if there is a default under the trust agreement. The Trust has a term of approximately 50 years, but may dissolve earlier as provided in the Trust Agreement.

The Trust's business and affairs will be conducted by its Administrative Trustees. The office of the Delaware Trustee in the State of Delaware is White Clay Center, Route 273, Newark, Delaware 19711. The principal place of business of the Trust is 700 Universe Boulevard, Juno Beach, Florida 33408, and the telephone number is (561) 694-4000.

USE OF PROCEEDS

Unless otherwise stated in a prospectus supplement, FPL will add the net proceeds from the sale of its 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 and capital improvements to and maintenance of existing facilities. FPL will temporarily invest any proceeds that it does not need to use immediately in short-term instruments.

The Trust will use the proceeds from the sale of preferred trust securities and common trust securities to invest in junior subordinated debentures issued by FPL. FPL will add the net proceeds from the sale of such junior subordinated debentures to its general funds, which will be used as described above.

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES PLUS PREFERRED DIVIDENDS

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

Years Ended December 31,				
2003	2002	2001	2000	1999
7.23	7.47	6.44	6.02	6.26

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

Years Ended December 31,				
2003	2002	2001	2000	1999
6.52	6.61	5.77	5.37	5.53

FPL's ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended June 30, 2004 were 5.76 and 5.65, respectively.

WHERE YOU CAN FIND MORE INFORMATION

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 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).

No separate financial statements of the Trust are included in this prospectus. FPL and the Trust do not consider those financial statements to be material to holders of the preferred trust securities because (1) the Trust is a newly formed special purpose entity and has no operating history or independent operations, and (2) the Trust is not engaged in and does not propose to engage in any activity other than holding as trust assets the junior subordinated debentures of FPL and issuing its preferred trust securities and common trust securities. FPL and the Trust do not expect the Trust to file periodic reports under Sections 13 or 15(d) of the Securities Exchange Act of 1934.

INCORPORATION BY REFERENCE

The SEC allows FPL and the Trust to "incorporate by reference" the information that FPL files with the SEC, which means that FPL and the Trust 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 and the Trust are incorporating by reference the documents listed below and any future filings FPL makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus until FPL and/or the Trust sell all of these securities:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2003;

(2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004; and

(3) FPL's Current Reports on Form 8-K filed with the SEC on March 1, 2004 and August 16, 2004.

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, 875 Third Avenue, New York, New York, 10022, (212) 603-2000. FPL will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus but not delivered with this prospectus.

CAUTIONARY STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL and the Trust are 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 and the Trust 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," "believe," "could," "estimated," "may," "plan," "potential," "projection," "target," "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the specific factors discussed in "Risk Factors" herein and in the reports that are incorporated herein by reference (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 or the Trust.

Any forward-looking statement speaks only as of the date on which that statement is made, and neither FPL nor the Trust undertakes 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.

The issues and associated risks and uncertainties discussed in "Risk Factors" herein and in the reports that are incorporated by reference herein 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 those additional issues could impair FPL's business in the future.

DESCRIPTION OF THE BONDS

General. FPL will issue these first mortgage bonds, in one or more series, under its Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, as Trustee, which has been amended and supplemented in the past, may be supplemented prior to the issuance of these first mortgage bonds, and which will be supplemented again by one or more supplemental indentures relating to these first mortgage bonds. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." These first mortgage bonds 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 terms of the Bonds and 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. You should read this summary together with the Mortgage and the supplemental indenture establishing the Bonds for a complete understanding of all the provisions. The Mortgage and the form of supplemental indenture have been previously filed with the SEC, and are exhibits to the registration statement filed with the SEC of which this prospectus is a part. In addition, the Mortgage is qualified as an indenture under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

Each series of Bonds may have different terms. FPL will include some or 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 Deutsche Bank Trust Company Americas 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 U.S. 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 March 31, 2004, FPL could have issued under the Mortgage in excess of $4.5 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of $5.5 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 March 31, 2004, 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. Since all of the First Mortgage Bonds issued on or prior to April 30, 1992 have matured or have been redeemed and are no longer outstanding under the Mortgage, FPL may exercise this right to amend the Mortgage at any time.

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.

DESCRIPTION OF PREFERRED STOCK

General. The following statements describing FPL's preferred stock are not intended to be a complete description but rather are a summary of certain preferences, privileges, restrictions and distinguishing characteristics relating to the preferred stock currently authorized by FPL's Restated Articles of Incorporation, as amended ("Charter"). For additional information, please see FPL's Charter and its bylaws. Each of these documents has been previously filed with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. You should read this summary together with the articles of amendment to FPL's Charter which will describe the terms of any preferred stock offered hereby for a complete understanding of all the provisions. Reference is also made to the laws of the State of Florida.

FPL's Charter authorizes four classes of preferred stock. Shares of two of such classes are presently outstanding: 4 ½% Preferred Stock Series A, $100 par value per share ("Series A Preferred Stock") and Preferred Stock, $100 par value per share ("Serial Preferred Stock"). The preferred stock offered hereby will be one or more new series of FPL's Serial Preferred Stock and/or one or more new series of FPL's Preferred Stock, without par value ("No Par Preferred Stock"). Currently, 50,000 shares of the Series A Preferred Stock and 200,000 shares of the Serial Preferred Stock are outstanding. The shares of the Serial Preferred Stock outstanding are owned by FPL Group. Under the Charter, 10,414,000 shares of Serial Preferred Stock and 5,000,000 shares of No Par Preferred Stock are available for issuance. FPL's Charter also authorizes the issuance of 5,000,000 shares of Subordinated Preferred Stock, without par value ("Preference Stock"), none of which are currently outstanding. References in this "Description of Preferred Stock" section of this prospectus to preferred stock do not include the Preference Stock.

Some terms of a series of preferred stock may differ from those of another series. A prospectus supplement will describe the terms of any preferred stock being offered. These terms will also be described in articles of amendment to FPL's Charter, which will establish the terms of the preferred stock being offered. These terms will include any of the following that apply to that series:

(1) the class of preferred stock, the number of shares in the series and the title of that series of preferred stock,

(2) the annual rate or rates of dividends payable and the date from which such dividends shall commence to accrue,

(3) the terms and conditions, including the redemption price and the date or dates, on which the shares of the series of preferred stock may be redeemed or converted into another class of security, the manner of effecting such redemption and any restrictions on such redemptions,

(4) any sinking fund or other provisions that would obligate FPL to redeem or repurchase shares of the series of preferred stock, and

(5) with respect to the No Par Preferred Stock only, variations with respect to whole or fractional voting rights and involuntary liquidation values.

Voting Rights. FPL Group, as the owner of all of FPL's common stock, has sole voting power, except as indicated below or as otherwise required by law. The Charter does not limit the right of any affiliate of FPL to vote any shares of preferred stock owned by it. Subject to any rights which might be given to holders of Preference Stock, if any four full quarterly dividends on any of the outstanding preferred stock are in default, the holders of the outstanding preferred stock become entitled, as one class, to elect a majority of the Board of Directors, which right does not terminate until full dividends have been provided for all past periods. No dividends on FPL preferred stock are currently in default. When entitled to vote, the holders of the preferred stock, other than the No Par Preferred Stock, shall have one vote for each share held and the holders of No Par Preferred Stock shall have one vote for every $100 liquidation value established for such shares, provided that amounts less than $100 shall be afforded their proportional fractional vote.

So long as any shares of the Series A Preferred Stock or Serial Preferred Stock are outstanding, FPL shall not, without the consent of at least two-thirds of the total number of (a) shares of the Series A Preferred Stock then outstanding and (b) each series of shares of the Serial Preferred Stock then outstanding,

(1) create or authorize any new stock ranking prior to such preferred stock as to dividends, or in liquidation, dissolution, winding up or other distribution, or create or authorize any security convertible into shares of such prior ranking stock, or

(2) amend, alter, change or repeal any of the express terms of such preferred stock in a manner substantially prejudicial to the holders thereof,

provided that if any such amendment affects less than all of the aforementioned classes or series of preferred stock then only the consent of two-thirds of the shares of each such class or series so affected is required.

So long as any shares of the No Par Preferred Stock are outstanding, FPL shall not, without the consent of at least two-thirds of the total number of votes attributable to the outstanding shares of the No Par Value Preferred Stock and all other preferred stock ranking on a parity as to dividends or distributions (including the Series A Preferred Stock and the Serial Preferred Stock), voting together as one class,

(1) create or authorize any new stock ranking prior to the No Par Preferred Stock as to dividends or in liquidation, dissolution, winding up or other distribution or any security convertible into shares of such prior ranking stock, or

(2) amend, alter or repeal any of the rights, preferences or powers of any series of outstanding No Par Preferred Stock so as to alter materially any such rights, preferences or power,

provided that with respect to (2) above,

(1) the preferred stock other than the No Par Preferred Stock shall be entitled to vote as a member of such voting class only if the same right, preference or power of such preferred stock other than the No Par Preferred Stock are proposed to be materially amended, altered or repealed in substantially the same manner, and

(2) if any amendment, alteration or repeal would alter materially the rights, preferences or powers of less than all the series of the No Par Preferred Stock or such other preferred stock, the consent of only the holders of at least two-thirds of the total number of votes attributable to the outstanding shares of all series so affected, voting as a class, shall be required.

Without the consent of the holders of at least (i) a majority of the outstanding shares of the Series A Preferred Stock, (ii) a majority of the outstanding shares of each series of the Serial Preferred Stock and (iii) a majority of the total number of votes attributable to the outstanding shares of No Par Preferred Stock and all other preferred stock ranking on a parity with the No Par Preferred Stock as to dividends or distributions, voting together as a class, FPL shall not

(1) merge or consolidate with or into any other corporation or sell or otherwise dispose of all or substantially all of the assets of FPL, unless the merger, consolidation or disposition or the exchange, issuance or assumption of all securities to be issued or assumed in connection with any such merger or consolidation or other disposition shall have been approved, ordered or permitted by the appropriate governmental regulatory bodies;

(2) issue, assume or incur, for purposes other than (a) the refunding of outstanding unsecured indebtedness; (b) the reacquisition, redemption or other retirement of any indebtedness issued or assumed by FPL; or (c) the reacquisition, redemption or other retirement of all outstanding shares of FPL's outstanding preferred stock and all outstanding shares of any other class or series of stock ranking on a parity with the outstanding preferred stock, any unsecured indebtedness if, immediately thereafter, the total principal amount of all unsecured indebtedness would exceed 20% of the secured indebtedness issued or assumed by FPL plus the capital and surplus of FPL;

(3) issue any shares of preferred stock, or of any other class of stock ranking prior to or on parity with the outstanding preferred stock as to dividends or distributions, unless

(a) FPL's net income (after depreciation and taxes) for a period of twelve consecutive months within the fifteen months immediately preceding the issuance of such shares is at least equal to twice the annual dividend requirements on all outstanding shares of preferred stock, the shares proposed to be issued, and on all other prior or parity stock; and

(b) FPL's gross income (after depreciation and taxes) for the same period shall have been at least 1.5 times the sum of annual interest charges on all indebtedness and annual dividend requirements on the outstanding preferred stock, the shares proposed to be issued, and on all other prior or parity stock;

provided, that (i) interest charges on all indebtedness and dividends of all shares of stock which are to be retired in connection with the issuance of additional shares shall be excluded from such computation and (ii) in the event additional shares are to be issued in connection with the acquisition of new property, the gross income and the net income of the acquired property may be included in such computation on a pro forma basis, or

(4) issue any additional shares of the outstanding preferred stock or of any prior or parity stock unless the aggregate of FPL's common stock capital and surplus shall be not less than the aggregate amount payable on the involuntary liquidation, dissolution or winding up of FPL in respect of such preferred stock, and other prior or parity stock, to be outstanding immediately thereafter.

Liquidation Rights. In the event of any voluntary liquidation, dissolution or winding up of FPL, the Series A Preferred Stock, Serial Preferred Stock and No Par Preferred Stock will rank pari passu with all classes of preferred stock then outstanding and shall have a preference over each series of the Preference Stock (none of which has been issued or is currently outstanding) and the common stock until an amount equal to the then current redemption price shall have been paid. In the event of any involuntary liquidation, dissolution or winding up of FPL,

(1) the Series A Preferred Stock and the Serial Preferred Stock will rank pari passu with all classes of preferred stock then outstanding and shall also have a preference over each series of the Preference Stock and the common stock until $100 per share shall have been paid, and

(2) the No Par Preferred Stock will rank pari passu with all classes of FPL's preferred stock then outstanding and shall also have a preference over each series of Preference Stock and the common stock until the full involuntary liquidation value thereof, as established upon issuance of the applicable series of No Par Preferred Stock, shall have been paid,

in each case, plus all accumulated and unpaid dividends thereon, if any.

Changes to Terms of Preferred Stock. In the event FPL redeems the shares of Series A Preferred Stock and Serial Preferred Stock which are currently outstanding, all of which shares are currently redeemable according to their terms, FPL may amend the Charter to change many of the provisions discussed above, including voting and liquidation rights, related to the preferred stock. Such amendments could also be made with the consent of FPL Group, as the holder of the outstanding Serial Preferred Stock, if FPL has redeemed the shares of Series A Preferred Stock. In such an event, any changes to the terms of the Serial Preferred Stock and the No Par Preferred Stock will be described in a prospectus supplement relating to any preferred stock being offered.

DESCRIPTION OF PREFERRED TRUST SECURITIES

General. The Trust may issue preferred trust securities and common trust securities under the Trust Agreement. The terms of the agreements pursuant to which the Preferred Trust Securities of the Trust will be issued are substantially the same; each of these agreements is referred to in this prospectus as the "Trust Agreement." These preferred trust securities and common trust securities issued by the Trust are referred to in this prospectus as "Preferred Trust Securities" and "Common Trust Securities," respectively, and collectively as "Trust Securities." These Trust Securities will represent undivided beneficial interests in the assets of the Trust. The junior subordinated debentures issued by FPL and held by the Trust are referred to in this prospectus as the "Junior Subordinated Debentures." This section briefly summarizes some of the provisions of the Trust Agreement. This summary does not contain a complete description of the Trust Agreement. You should read this summary together with the Trust Agreement for a complete understanding of all the provisions. The form of the Trust Agreement has been previously filed with the SEC and is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. In addition, each Trust Agreement will be qualified as an indenture under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

In this section, any discussion of the Trust, Preferred Trust Securities and Common Trust Securities relate only to the applicable Trust. Holders of Preferred Trust Securities of the Trust will be entitled to any of the benefits and protections contained in the Trust Agreement applicable to the particular Trust which issued the relevant Trust Securities and not with respect to any other Trust.

The Preferred Trust Securities and Common Trust Securities issued by the Trust will be substantially the same except that, if there is an event of default under the Trust Agreement, as described below, that results from an event of default under the Subordinated Indenture (as such term is defined below under "Description of the Junior Subordinated Debentures—General"), the right of FPL, as holder of the Common Trust Securities, to payment of distributions and upon liquidation or redemption will be subordinated to the rights of the holders of the Preferred Trust Securities. (Trust Agreement, Section 4.03). All of the Common Trust Securities will be owned by FPL. (Trust Agreement, Section 5.10).

FPL will fully and unconditionally guarantee payments due on the Preferred Trust Securities issued by the Trust through a combination of the following:

(1) FPL's obligations under the Junior Subordinated Debentures;

(2) the rights of holders of Preferred Trust Securities to enforce those obligations;

(3) FPL's agreement to pay the expenses of the Trust; and

(4) FPL's guarantee of payments due on the Preferred Trust Securities to the extent of the Trust's legally available assets (referred to in this prospectus as the "Preferred Trust Securities Guarantee").

No single one of the documents listed above standing alone or operating in conjunction with fewer than all of the other documents constitutes the guarantee by FPL. It is only the combined operation of these documents that has the effect of providing a full and unconditional, but subordinated, guarantee as to payment by FPL of the Preferred Trust Securities.

The Trust will use the proceeds from the sale of the Trust Securities to purchase Junior Subordinated Debentures from FPL. (Trust Agreement, Section 2.05). The Junior Subordinated Debentures will be issued under a Subordinated Indenture between FPL and The Bank of New York, as trustee. The Junior Subordinated Debentures will be held in trust for the benefit of holders of the applicable Preferred Trust Securities and Common Trust Securities. (Trust Agreement, Section 2.09).

A prospectus supplement relating to the Preferred Trust Securities will include specific terms of those securities and of the Junior Subordinated Debentures. Material United States federal income tax considerations applicable to the Preferred Trust Securities will also be discussed in the related prospectus supplement. For a description of some specific terms that will affect both the Preferred Trust Securities and the Junior Subordinated Debentures, and holders' rights under each, see "Description of the Junior Subordinated Debentures" below.

Distributions. The only income of the Trust available for distribution to the holders of Preferred Trust Securities will be payments on the applicable Junior Subordinated Debentures. (Trust Agreement, Section 8.01). If FPL does not make interest payments on the Junior Subordinated Debentures, the Trust will not have funds available to pay distributions on Preferred Trust Securities. The payment of distributions, if and to the extent the Trust has sufficient funds available for the payment of such distributions, is guaranteed on a limited basis by FPL as described under "Description of the Preferred Trust Securities Guarantee."

So long as no event of default under the Subordinated Indenture has occurred and is continuing, FPL may extend the interest payment period from time to time on the Junior Subordinated Debentures for one or more periods. (Subordinated Indenture, Section 312). As a consequence, distributions on Preferred Trust Securities would be deferred during any such period. Interest would, however, continue to accrue. (Trust Agreement, Section 4.01). During any extended interest period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a payment default or any payment default under the Preferred Trust Securities Guarantee has occurred and is continuing, FPL may not:

(1) declare or pay any dividend or distribution on its capital stock;

(2) redeem, purchase, acquire or make a liquidation payment with respect to any of its capital stock;

(3) pay any principal, interest or premium on, or repay, repurchase or redeem any debt securities that are equal or junior in right of payment with the Junior Subordinated Debentures; or

(4) make any payments with respect to any guarantee of debt securities if such guarantee is equal or junior in right of payment to the Junior Subordinated Debentures,

other than

(1) purchases, redemptions or other acquisitions of its capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or agents or a stock purchase or dividend reinvestment plan, or the satisfaction of its obligations pursuant to any contract or security outstanding on the date that the interest payment period is extended requiring it to purchase, redeem or acquire its capital stock;

(2) any payment, repayment, redemption, purchase, acquisition or declaration of dividend described in clauses (1) and (2) above as a result of a reclassification of its capital stock or the exchange or conversion of all or a portion of one class or series of its capital stock for another class or series of its capital stock;

(3) the purchase of fractional interests in shares of its capital stock pursuant to the conversion or exchange provisions of its capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts;

(4) dividends or distributions paid or made in its capital stock (or rights to acquire its capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of its capital stock and distributions in connection with the settlement of stock purchase contracts);

(5) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future; or

(6) payments under any preferred trust securities guarantee or guarantee of junior subordinated debentures executed and delivered by FPL concurrently with the issuance by a trust of any preferred trust securities, so long as the amount of payments made on any preferred trust securities or junior subordinated debentures (as the case may be) is paid on all preferred trust securities or junior subordinated debentures (as the case may be) then outstanding on a pro rata basis in proportion to the full distributions to which each series of preferred trust securities or junior subordinated debentures (as the case may be) is then entitled if paid in full.

Before an extension period ends, FPL may further extend the interest payment period. No extension period as further extended may exceed 20 consecutive quarters. After any extension period and the payment of all amounts then due, FPL may select a new extended interest payment period. No interest period may be extended beyond the maturity of the Junior Subordinated Debentures.

Redemption. Whenever Junior Subordinated Debentures are repaid, whether at maturity or earlier redemption, the Property Trustee will apply the proceeds to redeem a like amount of Preferred Trust Securities and Common Trust Securities. (Trust Agreement, Section 4.02(a)).

Preferred Trust Securities will be redeemed at the redemption price plus accrued and unpaid distributions with the proceeds from the contemporaneous redemption or repayment of Junior Subordinated Debentures. Redemptions of the Preferred Trust Securities will be made on a redemption date only if the Trust has funds available for the payment of the redemption price plus accrued and unpaid distributions. (Trust Agreement, Section 4.02(c)).

Holders of Preferred Trust Securities will be given not less than 30 nor more than 60 days' notice of any redemption. (Trust Agreement, Section 4.02(b)). On or before the redemption date, the Trust will irrevocably deposit with the paying agent for Preferred Trust Securities sufficient funds and will give the paying agent irrevocable instructions and authority to pay the redemption price plus accrued and unpaid distributions to the holders upon surrender of their Preferred Trust Securities. Distributions payable on or before a redemption date will be payable to the holders on the record date for the distribution payment. If notice is given and funds are deposited as required, then on the redemption date all rights of holders of the Preferred Trust Securities called for redemption will cease, except the right of the holders to receive the redemption price plus accrued and unpaid distributions, and the Preferred Trust Securities will cease to be outstanding. No interest will accrue on amounts payable on the redemption date. In the event that any date fixed for redemption of Preferred Trust Securities is not a business day, then payment will be made on the next business day, except that, if such business day falls in the next calendar year, then payment will be made on the immediately preceding business day. No interest will be payable because of any such delay. If payment of Preferred Trust Securities called for redemption is improperly withheld or refused and not paid either by the Trust or by FPL pursuant to the Preferred Trust Securities Guarantee, distributions on such Preferred Trust Securities will continue to accrue to the date of payment. In that event, the actual payment date will be considered the date fixed for redemption for purposes of calculating the redemption price plus accrued and unpaid distributions. (Trust Agreement, Section 4.02(d)).

Subject to applicable law, including United States federal securities law, FPL or its affiliates may at any time and from time to time purchase outstanding Preferred Trust Securities by tender, in the open market or by private agreement.

If Preferred Trust Securities are partially redeemed on a redemption date, a corresponding percentage of the Common Trust Securities will be redeemed. The particular Preferred Trust Securities to be redeemed will be

selected not more than 60 days prior to the redemption date by the Property Trustee by such method as the Property Trustee shall deem fair, taking into account the denominations in which they were issued. The Property Trustee will promptly notify the Preferred Trust Security registrar in writing of the Preferred Trust Securities selected for redemption and, where applicable, the partial amount to be redeemed. (Trust Agreement, Section 4.02(f)).

Subordination of Common Trust Securities. Payment of distributions on, and the redemption price, plus accrued and unpaid distributions, of, the Preferred Trust Securities and Common Trust Securities shall be made pro rata based on the liquidation preference amount of such securities. However, if on any distribution payment date or redemption date an event of default under the Trust Agreement resulting from an event of default under the Subordinated Indenture has occurred and is continuing, no payment on any Common Trust Security shall be made until all payments due on the Preferred Trust Securities have been made. In that case, funds available to the Property Trustee shall first be applied to the payment in full of all distributions on, or the redemption price plus accrued and unpaid distributions of, Preferred Trust Securities then due and payable. (Trust Agreement, Section 4.03(a)).

If an event of default under the Trust Agreement results from an event of default under the Subordinated Indenture, the holder of Common Trust Securities cannot take action with respect to the Trust Agreement default until the effect of all defaults with respect to the Preferred Trust Securities has been cured, waived or otherwise eliminated. Until the event of default under the Trust Agreement with respect to Preferred Trust Securities has been cured, waived or otherwise eliminated, the Property Trustee shall, to the fullest extent permitted by law, act solely on behalf of the holders of Preferred Trust Securities and not the holder of the Common Trust Securities, and only the holders of Preferred Trust Securities will have the right to direct the Property Trustee to act on their behalf. (Trust Agreement, Section 4.03(b)).

Liquidation Distribution upon Dissolution. The Trust will be dissolved and liquidated by the Property Trustee on the first to occur of:

(1) the expiration of the term of the Trust;

(2) the bankruptcy, dissolution or liquidation of FPL;

(3) the redemption of all of the Preferred Trust Securities of the Trust;

(4) the entry of an order for dissolution of the Trust by a court of competent jurisdiction; or

(5) at any time, at the election of FPL. (Trust Agreement, Sections 9.01 and 9.02).

If a dissolution of the Trust occurs, the Trust will be liquidated by the Property Trustee as expeditiously as the Property Trustee determines to be appropriate. If a dissolution of the Trust occurs other than by redemption of all the Preferred Trust Securities, the Property Trustee will provide for the satisfaction of liabilities of creditors, if any, and distribute to each holder of the Preferred Trust Securities and Common Trust Securities a proportionate amount of Junior Subordinated Debentures. If a distribution of Junior Subordinated Debentures is determined by the Property Trustee not to be practical, holders of Preferred Trust Securities will be entitled to receive, out of the assets of the Trust after adequate provision for the satisfaction of liabilities of creditors, if any, an amount equal to the aggregate liquidation preference of the Preferred Trust Securities plus accrued and unpaid distributions thereon to the date of payment. If this liquidation distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate liquidation distribution, then the amounts payable by the Trust on the Preferred Trust Securities shall be paid on a pro rata basis. FPL, as holder of the Common Trust Securities, will be entitled to receive distributions upon any dissolution pro rata with the holders of the Preferred Trust Securities, except that if an event of default (or event that, with the lapse of time or giving of notice, would become such an event of default) has occurred and is continuing under the Subordinated Indenture, the Preferred Trust Securities will have a preference over the Common Trust Securities. (Trust Agreement, Section 9.04).

Events of Default; Notice. Any one of the following events will be an event of default under the Trust Agreement whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(1) the occurrence of an event of default as described in the Subordinated Indenture;

(2) default by the Trust in the payment of any distribution when it becomes due and payable, and continuation of that default for a period of 30 days;

(3) default by the Trust in the payment of any redemption price, plus accrued and unpaid distributions, of any Preferred Trust Security or Common Trust Security when it becomes due and payable;

(4) default in the performance, or breach, in any material respect, of any covenant or warranty of the trustees in the Trust Agreement which is not dealt with above, and continuation of that default or breach for a period of 90 days after written notice to the Trust, the defaulting trustee under the Trust Agreement and FPL by the holders of Preferred Trust Securities having at least 33% of the total liquidation preference amount of the outstanding Preferred Trust Securities. However, the holders of Preferred Trust Securities will be deemed to have agreed to an extension of the 90 day period if corrective action is initiated by any of the trustees within such period and is diligently pursued in good faith; or

(5) the occurrence of certain events of bankruptcy or insolvency with respect to the Trust. (Trust Agreement, Section 1.01).

Within 90 days after the occurrence of any default known to the Property Trustee, the Property Trustee shall transmit to the holders of Preferred Trust Securities, FPL and the Administrative Trustees notice of any such default, unless that default shall have been cured or waived. (Trust Agreement, Section 8.02).

A holder of Preferred Trust Securities may directly institute a proceeding to enforce payment when due to the holder of the Preferred Trust Securities of the principal of or interest on Junior Subordinated Debentures having a principal amount equal to the aggregate liquidation preference amount of the holder's Preferred Trust Securities. The holders of Preferred Trust Securities have no other rights to exercise directly any other remedies available to the holder of the Junior Subordinated Debentures unless the trustees under the Trust Agreement fail to do so. (Trust Agreement, Section 6.01(a)).

Removal of Trustees. Unless an event of default under the Subordinated Indenture has occurred and is continuing, the holder of the Common Trust Securities may remove any trustee under the Trust Agreement at any time. If an event of default under the Subordinated Indenture has occurred and is continuing, the holders of a majority of the total liquidation preference amount of the outstanding Preferred Trust Securities may remove the Property Trustee or the Delaware Trustee, or both of them. The holder of the Common Trust Securities may remove any Administrative Trustee at any time. Any resignation or removal of a trustee under the Trust Agreement will take effect only on the acceptance of appointment by the successor trustee. (Trust Agreement, Section 8.10).

Holders of Preferred Trust Securities will have no right to appoint or remove the Administrative Trustees of the Trust, who may be appointed, removed or replaced solely by FPL as the holder of the Common Trust Securities. (Trust Agreement, Section 8.10).

Voting Rights. Except as provided below and under "Description of the Preferred Trust Securities Guarantee—Modification and Assignment," and as otherwise required by law or the Trust Agreement, the holders of Preferred Trust Securities will have no voting rights.

While Junior Subordinated Debentures are held by the Property Trustee, the Property Trustee shall not:

(1) direct the time, method and place to conduct any proceeding for any remedy available to the Subordinated Indenture Trustee (as such term is defined below under "Description of the Junior

Subordinated Debentures—General"), or execute any trust or power conferred on the Subordinated Indenture Trustee with respect to the Junior Subordinated Debentures;

(2) waive any past default under the Subordinated Indenture;

(3) exercise any right to rescind or annul a declaration that the principal of all the Junior Subordinated Debentures will be due and payable; or

(4) consent to any amendment, modification or termination of the Subordinated Indenture or the Junior Subordinated Debentures, where that consent will be required,

without, in each case, obtaining the prior approval of the holders of Preferred Trust Securities having at least a majority of the aggregate liquidation preference amount of all outstanding Preferred Trust Securities of the Trust. Where a consent of each holder of Junior Subordinated Debentures affected is required, no consent shall be given by the Property Trustee without the prior consent of each holder of the Preferred Trust Securities affected. The Property Trustee shall not revoke any action previously authorized or approved by a vote of the holders of Preferred Trust Securities, except pursuant to the subsequent vote of the holders of Preferred Trust Securities. (Trust Agreement, Section 6.01(b)). If the Property Trustee fails to enforce its rights, as holder, under the Junior Subordinated Debentures or the Trust Agreement, a holder of the Preferred Trust Securities may institute a legal proceeding directly against FPL to enforce the Property Trustee's rights under the Junior Subordinated Debentures or the Trust Agreement without first instituting any legal proceeding against the Property Trustee or anyone else. (Trust Agreement, Section 6.01(a)). The Property Trustee shall notify all holders of Preferred Trust Securities of any notice of default received from the Subordinated Indenture Trustee. The Property Trustee shall not take any action approved by the consent of the holders of Preferred Trust Securities without an opinion of counsel experienced in those matters to the effect that the Trust will be classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes on account of that action. (Trust Agreement, Section 6.01(b)).

Holders of Preferred Trust Securities may give any required approval at a meeting convened for such purpose or by written consent without prior notice. (Trust Agreement, Section 6.06). The Administrative Trustees will give notice of any meeting at which holders of Preferred Trust Securities are entitled to vote. (Trust Agreement, Section 6.02).

No vote or consent of the holders of Preferred Trust Securities will be required for the Trust to redeem and cancel Preferred Trust Securities in accordance with the Trust Agreement.

Notwithstanding that holders of Preferred Trust Securities are entitled to vote or consent under any of the circumstances described above, any Preferred Trust Securities that are owned by FPL, any Administrative Trustee or any affiliate of any of them, shall be treated as if they were not outstanding for purposes of such vote or consent. (Trust Agreement, Section 1.01).

Amendments. The Trust Agreement may be amended from time to time by a majority of its Administrative Trustees and FPL, without the consent of any holders of Preferred Trust Securities or the other trustees under the Trust Agreement in order to:

(1) cure any ambiguity; correct or supplement any provision that may be inconsistent with any other provision of the Trust Agreement or amendment to the Trust Agreement; or make any other provisions with respect to matters or questions arising under the Trust Agreement;

(2) change the name of the Trust; or

(3) modify, eliminate or add to any provisions of the Trust Agreement to the extent necessary to ensure that the Trust will not be classified for United States federal income tax purposes other than as a grantor trust (and not an association taxable as a corporation) at any time that any Preferred Trust

Securities and Common Trust Securities are outstanding or to ensure the Trust's exemption from the status of an "investment company" under the Investment Company Act of 1940.

No amendment described above may materially adversely affect the interests of any holder of Preferred Trust Securities or Common Trust Securities without the applicable consents required pursuant to the following two paragraphs. Any of the amendments of the Trust Agreement described in paragraph (1) above shall become effective when notice of the amendment is given to the holders of Preferred Trust Securities and Common Trust Securities in accordance with the provisions of the Trust Agreement. (Trust Agreement, Section 10.03(a)).

Except as provided below, any provision of the Trust Agreement may be amended by the Administrative Trustees and FPL with:

(1) the consent of holders of Preferred Trust Securities and Common Trust Securities representing not less than a majority in aggregate liquidation preference amount of the Preferred Trust Securities and Common Trust Securities then outstanding; and

(2) receipt by the trustees of an opinion of counsel to the effect that such amendment or the exercise of any power granted to the trustees in accordance with the amendment will not affect the Trust's status as a grantor trust for federal income tax purposes (and not an association taxable as a corporation) or affect the Trust's exemption from the status of an "investment company" under the Investment Company Act of 1940. (Trust Agreement, Section 10.03(b)).

Each affected holder of Preferred Trust Securities must consent to any amendment to the Trust Agreement that:

(1) adversely changes the amount or timing of any distribution with respect to Preferred Trust Securities or otherwise adversely affects the amount of any distribution required to be made in respect of Preferred Trust Securities as of a specified date;

(2) restricts the right of a holder of Preferred Trust Securities to institute suit for the enforcement of any such payment on or after that date; or

(3) modify the provisions described in clauses (1) and (2) above. (Trust Agreement, Section 10.03(c)).

Form, Exchange and Transfer. Preferred Trust Securities may be exchanged for other Preferred Trust Securities in any authorized denomination and of like tenor and aggregate liquidation preference. (Trust Agreement, Section 5.04).

Subject to the terms of the Trust Agreement, Preferred Trust Securities may be presented for exchange as provided above or for registration of transfer, duly endorsed or accompanied by a duly executed instrument of transfer, at the office of the Preferred Trust Security registrar. The Administrative Trustees may designate FPL or any affiliate of FPL as the Preferred Trust Security registrar. The Property Trustee will initially act as the Preferred Trust Security registrar and transfer agent. (Trust Agreement, Section 5.08). No service charge will be made for any registration of transfer or exchange of Preferred Trust Securities, but the Preferred Trust Security registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange. A transfer or exchange will be made when the Preferred Trust Security registrar and Administrative Trustees are satisfied with the documents of title and identity of the person making the request. (Trust Agreement, Section 5.04). The Administrative Trustees may at any time designate another transfer agent and registrar or rescind the designation of any transfer agent and registrar or approve a change in the office through which any transfer agent and registrar acts, except that FPL will, or will cause the Preferred Trust Security registrar to, maintain an office or agency in The City of New York where Preferred Trust Securities may be transferred or exchanged. (Trust Agreement, Sections 2.07(a) and 5.08).

The Trust will not be required to:

(1) issue, register the transfer of, or exchange any Preferred Trust Securities during the period beginning at the opening of business 15 calendar days before the mailing of a notice of redemption of any Preferred Trust Securities called for redemption and ending at the close of business on the day the notice is mailed; or

(2) register the transfer of or exchange any Preferred Trust Securities so selected for redemption, in whole or in part, except the unredeemed portion of any Preferred Trust Securities being redeemed in part. (Trust Agreement, Section 5.04).

Payment on Preferred Trust Securities and Paying Agent. Unless otherwise stated in a prospectus supplement, payments in respect of the Preferred Trust Securities will be made on the applicable distribution dates by check mailed to the address of the holder entitled thereto as such address appears on the Preferred Trust Security register. (Trust Agreement, Section 4.04). The paying agent shall initially be the Property Trustee and any co-paying agent chosen by the Property Trustee that is acceptable to the Administrative Trustees and FPL. The paying agent may resign upon 30 days' written notice to the Administrative Trustees, the Property Trustee and FPL. In the event that the Property Trustee shall no longer be the paying agent, the Administrative Trustees shall appoint a successor, which shall be a bank, trust company or affiliate of FPL reasonably acceptable to the Property Trustee and FPL, to act as paying agent. (Trust Agreement, Section 5.09).

Duties of the Trustees. The Delaware Trustee will act as the resident trustee in the State of Delaware and will have no other significant duties. The Property Trustee will hold the Junior Subordinated Debentures on behalf of the Trust and will maintain a payment account with respect to the Preferred Trust Securities and Common Trust Securities, and will also act as trustee under the Trust Agreement for the purposes of the Trust Indenture Act of 1939. (Trust Agreement, Sections 2.06 and 2.07(b)).

The Administrative Trustees of the Trust are authorized and directed to conduct the affairs of the Trust and to operate the Trust so that

(1) the Trust will not be deemed to be an "investment company" required to be registered under the Investment Company Act of 1940,

(2) the Trust will not be taxed as a corporation, and

(3) the Junior Subordinated Debentures will be treated as indebtedness of FPL for United States federal income tax purposes.

In this regard, FPL and the Administrative Trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust or the Trust Agreement, that FPL and the Administrative Trustees determine in their discretion to be necessary or desirable for those purposes, as long as the action does not materially adversely affect the interests of the holders of the Preferred Trust Securities. (Trust Agreement, Section 2.07(d)).

Miscellaneous. Holders of the Preferred Trust Securities have no preemptive or similar rights. (Trust Agreement, Section 5.13).

Notices. Notices to holders of Preferred Trust Securities will be sent by mail to the addresses of those holders as they appear in the security register for those Preferred Trust Securities. (Trust Agreement, Section 6.02).

Title. The Property Trustee, the Delaware Trustee, the Administrative Trustees, and the Preferred Trust Security registrar and transfer agent, and any agent of the Property Trustee, the Delaware Trustee, the Administrative Trustees, or the Preferred Trust Security registrar and transfer agent, may treat the person in whose name a Preferred Trust Security is registered as the absolute owner of that Preferred Trust Security for the purpose of receiving distributions and all other purposes, regardless of any notice to the contrary. (Trust Agreement, Section 5.06).

Governing Law. The Trust Agreement, the Preferred Trust Securities and the Common Trust Securities will be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflict of laws principles thereunder, except to the extent that the law of any other jurisdiction is mandatorily applicable. (Trust Agreement, Section 10.05).

DESCRIPTION OF THE PREFERRED TRUST SECURITIES GUARANTEE

General. This section briefly summarizes some of the provisions of the Preferred Trust Securities Guarantee Agreement that FPL will execute and deliver for the benefit of the holders of the Preferred Trust Securities issued by the Trust. The terms of these agreements are substantially the same, and they are referred to in this prospectus as the "Preferred Trust Securities Guarantee Agreement." This summary does not contain a complete description of the Preferred Trust Securities Guarantee Agreement. You should read this summary together with the Preferred Trust Securities Guarantee Agreement for a complete understanding of all the provisions. The form of the Preferred Trust Securities Guarantee Agreement has been previously filed with the SEC and is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. In addition, the Preferred Trust Securities Guarantee Agreement will be qualified as an indenture under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

The Bank of New York will act as Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement and will hold the Preferred Trust Securities Guarantee for the benefit of the holders of the Preferred Trust Securities.

General Terms of the Preferred Trust Securities Guarantee. FPL will absolutely, irrevocably and unconditionally agree to make the guarantee payments listed below in full to the holders of the Preferred Trust Securities if they are not made by the Trust, as and when due, regardless of any defense, right of set-off or counterclaim that the Trust may have or assert. (Preferred Trust Securities Guarantee Agreement, Section 5.01). The following payments will be subject to the Preferred Trust Securities Guarantee (without duplication):

(1) any accrued and unpaid distributions required to be paid on Preferred Trust Securities, to the extent the Trust has funds in the payment account maintained by the Property Trustee legally available for these payments at such time;

(2) the redemption price, plus all accrued and unpaid distributions to the redemption date, for any Preferred Trust Securities called for redemption by the Trust, to the extent the Trust has funds in the payment account maintained by the Property Trustee legally available for these payments at such time; and

(3) upon a voluntary or involuntary dissolution, winding-up or termination of the Trust (except in connection with the distribution of Junior Subordinated Debentures to the holders in exchange for Preferred Trust Securities as provided in the Trust Agreement or upon a redemption of all of the Preferred Trust Securities upon maturity or redemption of the Junior Subordinated Debentures as provided in the Trust Agreement), the lesser of:

   (a) the aggregate of the liquidation preference amount and all accrued and unpaid distributions on Preferred Trust Securities to the date of payment, to the extent the Trust has funds in the payment account maintained by the Property Trustee legally available for these payments at such time; and

   (b) the amount of assets of the Trust remaining available for distribution to holders of Preferred Trust Securities in liquidation of the Trust after satisfaction of liabilities to creditors of the Trust as required by applicable law.

(Preferred Trust Securities Guarantee Agreement, Section 1.01). FPL's obligation to make a guarantee payment may be satisfied by either making a direct payment of the required amounts by FPL to the holders of Preferred Trust

Securities or causing the Trust to pay such amounts to those holders. (Preferred Trust Securities Guarantee Agreement, Section 5.01).

The Preferred Trust Securities Guarantee will be a guarantee, subject to certain subordination provisions, as to payment with respect to the Preferred Trust Securities, but will not apply to any payment of distributions if and to the extent that the Trust does not have funds legally available to make those payments. (Preferred Trust Securities Guarantee Agreement, Sections 1.01 and 5.05). If FPL does not make interest payments on the Junior Subordinated Debentures held by a Trust, the applicable Trust will not have funds available to pay distributions on the Preferred Trust Securities.

FPL will fully and unconditionally guarantee payments due on the Preferred Trust Securities issued by the Trust through a combination of the following:

(1) FPL's obligations under Junior Subordinated Debentures;

(2) the rights of holders of Preferred Trust Securities to enforce those obligations;

(3) FPL's agreement to pay the expenses of the Trust; and

(4) the Preferred Trust Securities Guarantee.

No single one of the documents listed above standing alone or operating in conjunction with fewer than all of the other documents constitutes the guarantee by FPL. It is only the combined operation of these documents that has the effect of providing a full and unconditional, but subordinated, guarantee as to payment by FPL of the Preferred Trust Securities.

Except as otherwise stated in the related prospectus supplement, the covenants in the Preferred Trust Securities Guarantee Agreement would not give holders of the Preferred Trust Securities protection in the event of a highly-leveraged transaction involving FPL.

Security and Ranking. The Preferred Trust Securities Guarantee will be an unsecured obligation of FPL and will rank:

(1) subordinate and junior in right of payment to all other liabilities of FPL (except those made pari passu or subordinate by their terms);

(2) equal in right of payment with the most senior preferred or preference stock that may be issued by FPL and with any guarantee that may be entered into by FPL in respect of any preferred or preference stock of any affiliate of FPL; and

(3) senior to FPL common stock. (Preferred Trust Securities Guarantee Agreement, Section 6.01).

The Preferred Trust Securities Guarantee Agreement does not limit the amount of other indebtedness, including guarantees, that FPL may issue or incur or the amount of preferred or preference stock it may issue.

The Trust Agreement provides that by accepting Preferred Trust Securities, a holder agrees to the subordination provisions and other terms of the Preferred Trust Securities Guarantee. (Trust Agreement, Section 5.02).

The Preferred Trust Securities Guarantee will be a guarantee of payment and not of collection, that is, the guaranteed party may institute a legal proceeding directly against FPL to enforce its rights under the Preferred Trust Securities Guarantee without first instituting a legal proceeding against anyone else. (Preferred Trust Securities Guarantee Agreement, Sections 5.04 and 5.05).

Events of Default. An event of default under the Preferred Trust Securities Guarantee Agreement will occur upon failure of FPL to perform any of its payment obligations under the Preferred Trust Securities Guarantee Agreement, which failure has not been cured within 90 days of receipt of notice thereof. (Preferred Trust Securities Guarantee Agreement, Section 1.01). Upon an event of default, the holders of the Preferred Trust Securities having a majority of the aggregate liquidation preference of the Preferred Trust Securities have the right to:

(1) direct the time, method and place of conducting any proceeding for any remedy available to the Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement, or

(2) direct the exercise of any trust or power conferred upon the Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement. (Preferred Trust Securities Guarantee Agreement, Section 5.04).

Any holder of the Preferred Trust Securities may enforce the Preferred Trust Securities Guarantee, or institute a legal proceeding directly against FPL to enforce the Preferred Trust Securities Guarantee Trustee's rights under the Preferred Trust Securities Guarantee Agreement without first instituting a legal proceeding against the Trust, the Preferred Trust Securities Guarantee Trustee or anyone else. (Preferred Trust Securities Guarantee Agreement, Section 5.04). The holders of the Preferred Trust Securities having a majority of the aggregate liquidation preference of the Preferred Trust Securities may waive any past event of default and its consequences. (Preferred Trust Securities Guarantee Agreement, Section 2.06).

FPL will be required to deliver to the Preferred Trust Securities Guarantee Trustee an annual statement as to its compliance with all conditions under the Preferred Trust Securities Guarantee Agreement. (Preferred Trust Securities Guarantee Agreement, Section 2.04).

Modification and Assignment. No consent of holders of Preferred Trust Securities is required for changes to the Preferred Trust Securities Guarantee Agreement that do not materially adversely affect their rights. Except as provided below, changes to the Preferred Trust Securities Guarantee Agreement that materially adversely affect the rights of Preferred Trust Securities require the prior approval of the holders of Preferred Trust Securities having at least a majority of the aggregate liquidation preference amount of the outstanding Preferred Trust Securities. Each affected holder of Preferred Trust Securities must consent to any amendment to the Preferred Trust Securities Guarantee Agreement that impairs the right of such holder to receive guarantee payments under the Preferred Trust Securities Guarantee Agreement or to institute suit for enforcement of any such payment. (Preferred Trust Securities Guarantee Agreement, Section 8.01).

All guarantees and agreements contained in the Preferred Trust Securities Guarantee Agreement will bind the successors, assigns, receivers, trustees and representatives of FPL and will inure to the benefit of the holders of the Preferred Trust Securities then outstanding. (Preferred Trust Securities Guarantee Agreement, Section 8.02).

Termination of the Preferred Trust Securities Guarantee. The Preferred Trust Securities Guarantee Agreement will terminate and be of no further force and effect upon:

(1) full payment of the redemption price, plus accrued and unpaid distributions to the redemption date, for all the Preferred Trust Securities;

(2) the distribution of Junior Subordinated Debentures to holders of the Preferred Trust Securities in exchange for all of the Preferred Trust Securities; or

(3) full payment of the amounts payable upon liquidation of the Trust.

However, the Preferred Trust Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time, as result of the subordination provisions or any mistake or any judicial proceeding or otherwise, any holder of Preferred Trust Securities must return any sums paid under the Preferred Trust Securities or the Preferred Trust Securities Guarantee. (Preferred Trust Securities Guarantee Agreement, Section 7.01).

Governing Law. The Preferred Trust Securities Guarantee Agreement provides that it is to be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles thereunder, except to the extent that the law of any other jurisdiction is mandatorily applicable. (Preferred Trust Securities Guarantee Agreement, Section 8.06).

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

General. The Junior Subordinated Debentures, which the Property Trustee will hold on behalf of the Trust as trust assets, will be issued by FPL in one or more series under an Indenture between FPL and The Bank of New York, as trustee. This Indenture, as it may be amended and supplemented from time to time, is referred to in this prospectus as the "Subordinated Indenture." The Bank of New York, as trustee under the Subordinated Indenture, is referred to in this prospectus as the "Subordinated Indenture Trustee." The Subordinated Indenture provides for the issuance from time to time of subordinated debt in an unlimited amount. The Junior Subordinated Debentures and all other subordinated debt issued previously or hereafter under the Subordinated Indenture are collectively referred to in this prospectus as the "Subordinated Indenture Securities."

This section briefly summarizes some of the terms of the Junior Subordinated Debentures and some of the provisions of the Subordinated Indenture. This summary does not contain a complete description of the Junior Subordinated Debentures. You should read this summary together with the Subordinated Indenture and the officer's certificates or other documents establishing the Junior Subordinated Debentures for a complete understanding of all the provisions and for the definitions of some terms used in this summary. The form of Subordinated Indenture, the form of officer's certificate that may be used to establish a series of Junior Subordinated Debentures and a form of the Junior Subordinated Debentures have been previously filed with the SEC, and are exhibits to the registration statement. In addition, the Subordinated Indenture will be qualified under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

The Junior Subordinated Debentures issued by FPL to the Trust will constitute a separate series under the Subordinated Indenture and will be limited in aggregate principal amount to the sum of the aggregate liquidation preference amount of the related Preferred Trust Securities and the consideration paid by FPL for the related Common Trust Securities.

The Junior Subordinated Debentures will be unsecured, subordinated obligations of FPL which rank junior to all of FPL's Senior Indebtedness (as defined herein). All Junior Subordinated Debentures issued under the Subordinated Indenture will rank equally and ratably with all other Junior Subordinated Debentures issued under the Subordinated Indenture, except to the extent that FPL elects to provide security with respect to any Junior Subordinated Debenture without providing that security to all outstanding Junior Subordinated Debentures as allowed under the Subordinated Indenture.

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

(1) the title of those Junior Subordinated Debentures,

(2) any limit upon the aggregate principal amount of those Junior Subordinated Debentures,

(3) the date(s) on which FPL will pay the principal of those Junior Subordinated Debentures,

(4) the rate(s) of interest on those Junior Subordinated Debentures, or how the rate(s) of interest will be determined, the date(s) from which interest will accrue, the dates on which FPL will pay interest and the record date for any interest payable on any interest payment date,

(5) the person to whom FPL will pay interest on those Junior Subordinated Debentures on any interest payment date, if other than the person in whose name those Junior Subordinated Debentures are registered at the close of business on the record date for that interest payment,

(6) the place(s) at which or methods by which FPL will make payments on those Junior Subordinated Debentures and the place(s) at which or methods by which the registered owners of those Junior Subordinated Debentures may transfer or exchange those Junior Subordinated Debentures and serve notices and demands to or upon FPL,

(7) the security registrar and any paying agent or agents for those Junior Subordinated Debentures,

(8) any date(s) on which, the price(s) at which and the terms and conditions upon which FPL may, at its option, redeem those Junior Subordinated Debentures, in whole or in part, and any restrictions on those redemptions,

(9) any sinking fund or other provisions or options held by the registered owners of those Junior Subordinated Debentures that would obligate FPL to repurchase or redeem those Junior Subordinated Debentures,

(10) the denominations in which FPL may issue those Junior Subordinated Debentures, if other than denominations of $25 and any integral multiple of $25,

(11) the currency or currencies in which FPL may pay the principal of or premium, if any, or interest on those Junior Subordinated Debentures (if other than in U.S. dollars),

(12) if FPL or a registered owner may elect to pay, or receive, principal of or premium, if any, or interest on those Junior Subordinated Debentures in a currency other than that in which those Junior Subordinated Debentures are stated to be payable, the terms and conditions upon which that election may be made,

(13) if FPL will, or may, pay the principal of or premium, if any, or interest on those Junior Subordinated Debentures in securities or other property, the type and amount of those securities or other property and the terms and conditions upon which FPL or a registered owner may elect to pay or receive those payments,

(14) if the amount payable in respect of principal of or premium, if any, or interest on those Junior Subordinated Debentures may be determined by reference to an index or other fact or event ascertainable outside of the Subordinated Indenture, the manner in which those amounts will be determined,

(15) the portion of the principal amount of the Junior Subordinated Debentures that FPL will pay upon declaration of acceleration of the maturity of those Junior Subordinated Debentures, if other than the entire principal amount of those Junior Subordinated Debentures,

(16) any events of default with respect to those Junior Subordinated Debentures and any covenants of FPL for the benefit of the registered owners of those Junior Subordinated Debentures, other than those specified in the Subordinated Indenture,

(17) the terms, if any, pursuant to which those Junior Subordinated Debentures may be exchanged for shares of capital stock or other securities of any other entity,

(18) a definition of "Eligible Obligations" under the Subordinated Indenture with respect to the Junior Subordinated Debentures denominated in a currency other than U.S. dollars, and any other provisions for the reinstatement of FPL's indebtedness in respect of those Junior Subordinated Debentures after their satisfaction and discharge,

(19) if FPL will issue those Junior Subordinated Debentures in global form, necessary information relating to the issuance of those Junior Subordinated Debentures in global form,

(20) if FPL will issue those Junior Subordinated Debentures as bearer securities, necessary information relating to the issuance of those Junior Subordinated Debentures as bearer securities,

(21) any limits on the rights of the registered owners of those Junior Subordinated Debentures to transfer or exchange those Junior Subordinated Debentures or to register their transfer, and any related service charges,

(22) any exceptions to the provisions governing payments due on legal holidays or any variations in the definition of business day with respect to those Junior Subordinated Debentures,

(23) any collateral security, assurance, or guarantee for those Junior Subordinated Debentures,

(24) the designation of the trust to which the Junior Subordinated Debentures are to be issued,

(25) the terms relating to any additional interest that may be payable as a result of any tax, assessment or governmental charges, and

(26) any other terms of those Junior Subordinated Debentures that are not inconsistent with the provisions of the Subordinated Indenture. (Subordinated Indenture, Section 301).

Except as otherwise stated in the related prospectus supplement, the covenants in the Subordinated Indenture would not give registered owners of Junior Subordinated Debentures protection in the event of a highly-leveraged transaction involving FPL.

Subordination. The Junior Subordinated Debentures will be subordinate and junior in right of payment to all Senior Indebtedness of FPL. (Subordinated Indenture, Article Fourteen). No payment of the principal (including redemption and sinking fund payments) of, or interest, or premium, if any, on the Junior Subordinated Debentures may be made by FPL until all holders of Senior Indebtedness of FPL have been paid in full (or provision has been made for such payment), if any of the following occurs:

(1) certain events of bankruptcy, insolvency or reorganization of FPL;

(2) any Senior Indebtedness of FPL is not paid when due (after the expiration of any applicable grace period) and that default continues without waiver; or

(3) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of FPL are permitted to accelerate the maturity of such Senior Indebtedness. (Subordinated Indenture, Section 1402).

Upon any distribution of assets of FPL to creditors in connection with any insolvency, bankruptcy or similar proceeding, all principal of, and premium, if any, and interest due or to become due on all Senior Indebtedness of FPL must be paid in full before the holders of the Junior Subordinated Debentures are entitled to receive or retain any payment from such distribution. (Subordinated Indenture, Section 1402).

"Senior Indebtedness" means all of FPL's obligations, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

(1) obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;

(2) capitalized lease obligations;

(3) all obligations of the types referred to in clauses (1) and (2) of others which FPL has assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or

(4) all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories.

Any such indebtedness, renewal, extension or refunding, however, will not be Senior Indebtedness if the instrument creating or evidencing it or the assumption or guarantee of it provides that it is not superior in right of payment to or is equal in right of payment with the Junior Subordinated Debentures. Furthermore trade accounts payable or long-term purchase obligations will not be Senior Indebtedness. Senior Indebtedness will be entitled to the benefits of the subordination provisions in the Subordinated Indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. (Subordinated Indenture, Section 101).

Payment and Paying Agents. Except as stated in the related prospectus supplement, on each interest payment date FPL will pay interest on each Junior Subordinated Debenture to the person in whose name that Junior Subordinated Debenture is registered as of the close of business on the record date relating to that interest payment date. However, on the date that the Junior Subordinated Debentures mature, FPL will pay the interest to the person to whom it pays the principal. Also, if FPL has defaulted in the payment of interest on any Junior Subordinated Debenture, it may pay that defaulted interest to the registered owner of that Junior Subordinated Debenture:

(1) as of the close of business on a date that the Subordinated Indenture Trustee selects, which may not be more than 15 days or less than 10 days before the date that FPL proposes to pay the defaulted interest, or

(2) in any other lawful manner that does not violate the requirements of any securities exchange on which that Junior Subordinated Debenture is listed and that the Subordinated Indenture Trustee believes is acceptable. (Subordinated Indenture, Section 307).

Unless otherwise stated in the related prospectus supplement, the principal, premium, if any, and interest on the Junior Subordinated Debentures at maturity will be payable when such Junior Subordinated Debentures are presented at the main corporate trust office of The Bank of New York, as paying agent, in The City of New York. FPL may change the place of payment on the Junior Subordinated Debentures, appoint one or more additional paying agents, including itself, and remove any paying agent. (Subordinated Indenture, Section 602).

Transfer and Exchange. Unless otherwise stated in the related prospectus supplement, Junior Subordinated Debentures may be transferred or exchanged at the main corporate trust office of The Bank of New York, as security registrar, in The City of New York. FPL may change the place for transfer and exchange of the Junior Subordinated Debentures and may designate one or more additional places for that transfer and exchange.

Except as otherwise stated in the related prospectus supplement, there will be no service charge for any transfer or exchange of the Junior Subordinated Debentures. However, FPL may require payment of any tax or other governmental charge in connection with any transfer or exchange of the Junior Subordinated Debentures.

FPL will not be required to transfer or exchange any Junior Subordinated Debenture selected for redemption. Also, FPL will not be required to transfer or exchange any Junior Subordinated Debenture during a period of 15 days before selection of Junior Subordinated Debentures to be redeemed. (Subordinated Indenture, Section 305).

Unless otherwise stated in the related prospectus supplement, if Junior Subordinated Debentures are distributed to holders of Preferred Trust Securities in a dissolution of the Trust, the Junior Subordinated Debentures will be issued in fully registered certificated form in the denominations and integral multiples thereof in which the Preferred Trust Securities have been issued, and they may be transferred or exchanged as described above. (Trust Agreement, Section 9.04).

Defeasance. FPL may, at any time, elect to have all of its obligations discharged with respect to all or a portion of any Subordinated Indenture Securities (including the Junior Subordinated Debentures). To do so, FPL must irrevocably deposit with the Subordinated Indenture Trustee or any paying agent, in trust:

(1) money in an amount that will be sufficient to pay all or that portion of the principal, premium, if any, and interest due and to become due on those Subordinated Indenture Securities, on or prior to their maturity, or

(2) in the case of a deposit made prior to the maturity of that series of Subordinated Indenture Securities,

(a) direct obligations of, or obligations unconditionally guaranteed by, the United States and entitled to the benefit of its full faith and credit that do not contain provisions permitting their redemption or other prepayment at the option of their issuer, and

(b) certificates, depositary receipts or other instruments that evidence a direct ownership interest in those obligations or in any specific interest or principal payments due in respect of those obligations that do not contain provisions permitting their redemption or other prepayment at the option of their issuer, the principal of and the interest on which, when due, without any regard to reinvestment of that principal or interest, will provide money that, together with any money deposited with or held by the Subordinated Indenture Trustee, will be sufficient to pay all or that portion of the principal, premium, if any, and interest due and to become due on those Subordinated Indenture Securities, on or prior to their maturity, or

(3) a combination of (1) and (2) that will be sufficient to pay all or that portion of the principal, premium, if any, and interest due and to become due on those Subordinated Indenture Securities, on or prior to their maturity. (Subordinated Indenture, Section 701).

Option to Extend Interest Payment Period. So long as no event of default under the Subordinated Indenture has occurred and is continuing, FPL may extend the interest payment period from time to time on the Junior Subordinated Debentures for one or more periods. (Subordinated Indenture, Section 312). As a consequence, distributions on the Preferred Trust Securities would be deferred during any extension period. Interest would, however, continue to accrue on the Junior Subordinated Debentures. During any extended interest period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from any payment default or a payment default under the Preferred Trust Securities Guarantee has occurred and is continuing, FPL may not:

(1) declare or pay any dividend or distribution on its capital stock;

(2) redeem, purchase, acquire or make a liquidation payment with respect to any of its capital stock;

(3) pay any principal, interest or premium on, or repay, repurchase or redeem any debt securities that are equal or junior in right of payment with the Junior Subordinated Debentures; or

(4) make any payments with respect to any guarantee of debt securities if such guarantee is equal or junior in right of payment to the Junior Subordinated Debentures,

other than

(1) purchases, redemptions or other acquisitions of its capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or agents or a stock purchase or dividend reinvestment plan, or the satisfaction of its obligations pursuant to any contract or security outstanding on the date that the interest payment period is extended requiring it to purchase, redeem or acquire its capital stock;

(2) any payment, repayment, redemption, purchase, acquisition or declaration of dividend described in clauses (1) and (2) above as a result of a reclassification of its capital stock or the exchange or

conversion of all or a portion of one class or series of its capital stock for another class or series of its capital stock;

(3) the purchase of fractional interests in shares of its capital stock pursuant to the conversion or exchange provisions of its capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts;

(4) dividends or distributions paid or made in its capital stock (or rights to acquire its capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of its capital stock and distributions in connection with the settlement of stock purchase contracts);

(5) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future; or

(6) payments under any preferred trust securities guarantee or guarantee of junior subordinated debentures executed and delivered by FPL concurrently with the issuance by a trust of any preferred trust securities, so long as the amount of payments made on any preferred trust securities or junior subordinated debentures (as the case may be) is paid on all preferred trust securities or junior subordinated debentures (as the case may be) then outstanding on a pro rata basis in proportion to the full distributions to which each series of preferred trust securities or junior subordinated debentures (as the case may be) is then entitled if paid in full. (Subordinated Indenture, Section 608).

Any extension period with respect to any securities of FPL similar to the Junior Subordinated Debentures or any other securities issued under the Subordinated Indenture will also apply to payments of interest on the Junior Subordinated Debentures.

Any extension period with respect to payment of interest on the Junior Subordinated Debentures will, except as provided in (6) above, also apply to:

(1) payments of interest on all junior subordinated debt securities of FPL, including all other securities issued under the Subordinated Indenture;

(2) distributions on the related preferred trust securities; and

(3) distributions on all other securities of the Trust or any other subsidiary trust of FPL with terms substantially the same as those of the Trust Agreement.

Before an extension period ends, FPL may further extend the interest payment period. No extension period as further extended may exceed 20 consecutive quarters. After any extension period and the payment of all amounts then due, FPL may select a new extended interest payment period. No interest period may be extended beyond the maturity of the Junior Subordinated Debentures. FPL will give the Trust and the Subordinated Indenture Trustee notice of its election of an extension period prior to the earlier of (i) one business day before the record date for the distribution on the Preferred Trust Securities which would occur if FPL did not make the election to extend or (ii) the date the Administrative Trustees are required to give notice to any securities exchange or any other applicable self-regulatory organization of the record date for such a distribution. The Property Trustee shall send notice of that election to the holders of Preferred Trust Securities.

Additional Interest. So long as any Preferred Trust Securities remain outstanding, if the Trust is required to pay any taxes, duties, assessments or governmental charges imposed by the United States or any other taxing authority on income derived from the interest payments on the Junior Subordinated Debentures, then FPL will pay as interest on the Junior Subordinated Debentures any additional interest that may be necessary in order that the net amounts received and retained by the Trust after the payment of those taxes, duties, assessments or governmental

charges will be the same as the Trust would have had in the absence of such payment. (Subordinated Indenture, Section 313).

Redemption. For so long as the Trust is the holder of all of the related Junior Subordinated Debentures, the proceeds of any redemption of Junior Subordinated Debentures will be used by the Trust to redeem Preferred Trust Securities and Common Trust Securities in accordance with their terms. (Trust Agreement, Section 4.02(a)).

The redemption terms of the Junior Subordinated Debentures, if any, will be set forth in a prospectus supplement. Unless set forth differently in a prospectus supplement, and except with respect to Junior Subordinated Debentures redeemable at the option of the holder, Junior Subordinated Debentures will be redeemable upon notice between 30 and 60 days prior to the redemption date. If less than all of the Junior Subordinated Debentures of any series or any tranche thereof are to be redeemed, the Subordinated Indenture Trustee will select the Junior Subordinated Debentures to be redeemed. In the absence of any provision for selection, the Subordinated Indenture Trustee will choose a method of random selection as it deems fair and appropriate. (Subordinated Indenture, Sections 403 and 404).

Junior Subordinated Debentures selected for redemption will cease to bear interest on the redemption date. The paying agent will pay the redemption price and any accrued interest once the Junior Subordinated Debentures are surrendered for redemption. (Subordinated Indenture, Section 405). If only part of a Junior Subordinated Debenture is redeemed, the Subordinated Indenture Trustee will deliver a new Junior Subordinated Debenture of the same series for the remaining portion without charge. (Subordinated Indenture, Section 406).

Any redemption at the option of FPL may be conditional upon the receipt by the paying agent, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the paying agent has not received such money by the date fixed for redemption, FPL will not be required to redeem such Junior Subordinated Debentures. (Subordinated Indenture, Section 404).

Subject to applicable law, including United States federal securities law, FPL or its affiliates may at any time and from time to time purchase outstanding Junior Subordinated Debentures by tender, in the open market or by private agreement.

Consolidation, Merger, and Sale of Assets. Under the Subordinated Indenture, FPL may not consolidate with or merge into any other entity or convey, transfer or lease its properties and assets substantially as an entirety to any entity, unless:

(1) the entity formed by that consolidation, or the entity into which FPL is merged, or the entity that acquires or leases FPL's property and assets, is an entity organized and existing under the laws of the United States, any state or the District of Columbia and that entity expressly assumes FPL's obligations on all Subordinated Indenture Securities and under the Subordinated Indenture,

(2) immediately after giving effect to the transaction, no event of default under the Subordinated Indenture and no event that, after notice or lapse of time or both, would become an event of default under the Subordinated Indenture exists, and

(3) FPL delivers an officer's certificate and an opinion of counsel to the Subordinated Indenture Trustee, as provided in the Subordinated Indenture. (Subordinated Indenture, Section 1101).

The Subordinated Indenture does not prevent or restrict:

(1) any consolidation or merger after the consummation of which FPL would be the surviving or resulting entity;

(2) any consolidation of FPL with any entity all of the outstanding voting securities of which are owned, directly or indirectly, by FPL, or any merger of any such entity into any other of such entities, or any conveyance or other transfer, or lease, of properties or assets by any thereof to any other thereof;

(3) any conveyance or other transfer, or lease, of any part of the properties or assets of FPL which does not constitute the entirety, or substantially the entirety, thereof; or

(4) the approval by FPL of, or the consent by FPL to any consolidation or merger to which any direct or indirect subsidiary or affiliate of FPL may be a party, or any conveyance, transfer or lease by any such subsidiary or affiliate of any or all of its properties or assets. (Subordinated Indenture, Section 1103).

Events of Default. Each of the following is an event of default under the Subordinated Indenture with respect to the Subordinated Indenture Securities of any series:

(1) failure to pay interest on the Subordinated Indenture Securities of that series within 30 days after it is due (provided, however, that a valid extension of the interest period by FPL will not constitute an event of default),

(2) failure to pay principal or premium, if any, on the Subordinated Indenture Securities of that series when it is due,

(3) failure to comply with any other covenant in the Subordinated Indenture, other than a covenant that does not relate to that series of Subordinated Indenture Securities, that continues for 90 days after FPL receive written notice of such failure to comply from the Subordinated Indenture Trustee, or FPL and the Subordinated Indenture Trustee receive written notice of such failure to comply from the registered owners of at least 33% in principal amount of the Subordinated Indenture Securities of that series,

(4) certain events of bankruptcy, insolvency or reorganization of FPL and

(5) any other event of default specified with respect to the Subordinated Indenture Securities of that series. (Subordinated Indenture, Section 801).

In the case of the third event of default listed above, the Subordinated Indenture Trustee may extend the grace period. In addition, if holders of a particular series have given a notice of default, then holders of at least the same percentage of Junior Subordinated Debentures of that series, together with the Subordinated Indenture Trustee, may also extend the grace period. The grace period will be automatically extended if FPL has initiated and is diligently pursuing corrective action in good faith. (Subordinated Indenture, Section 801). An event of default with respect to the Subordinated Indenture Securities of a particular series will not necessarily constitute an event of default with respect to Subordinated Indenture Securities of any other series issued under the Subordinated Indenture.

Remedies. If an event of default applicable to the Subordinated Indenture Securities of one or more series, but not applicable to all outstanding Subordinated Indenture Securities, exists, then either the Subordinated Indenture Trustee or the registered owners of at least 33% in aggregate principal amount of the Subordinated Indenture Securities of each of the affected series may declare the principal of and accrued but unpaid interest on all the Subordinated Indenture Securities of that series to be due and payable immediately. (Subordinated Indenture, Section 802).

If the event of default is applicable to all outstanding Subordinated Indenture Securities, then only the Subordinated Indenture Trustee or the registered owners of at least 33% in aggregate principal amount of all outstanding Subordinated Indenture Securities of all series, voting as one class, and not the registered owners of any one series, may make a declaration of acceleration. (Subordinated Indenture, Section 802). However, the event of default giving rise to the declaration relating to any series of Subordinated Indenture Securities will be automatically waived, and that declaration and its consequences will be automatically rescinded and annulled, if, at any time after that declaration and before a judgment or decree for payment of the money due has been obtained:

(1) FPL deposits with the Subordinated Indenture Trustee a sum sufficient to pay:

(a) all overdue interest on all Subordinated Indenture Securities of that series,

(b) the principal of and any premium on any Subordinated Indenture Securities of that series that have become due for reasons other than that declaration, and interest that is then due,

(c) interest on overdue interest for that series, and

(d) all amounts due to the Subordinated Indenture Trustee under the Subordinated Indenture, and

(2) any other event of default with respect to the Subordinated Indenture Securities of that series has been cured or waived as provided in the Subordinated Indenture. (Subordinated Indenture, Section 802).

Other than its obligations and duties in case of an event of default under the Subordinated Indenture, the Subordinated Indenture Trustee is not obligated to exercise any of its rights or powers under the Subordinated Indenture at the request or direction of any of the registered owners of the Subordinated Indenture Securities, unless those registered owners offer reasonable indemnity to the Subordinated Indenture Trustee. (Subordinated Indenture, Section 903). If they provide this reasonable indemnity, the registered owners of a majority in principal amount of any series of Subordinated Indenture Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Subordinated Indenture Trustee, or exercising any trust or power conferred on the Subordinated Indenture Trustee, with respect to the Subordinated Indenture Securities of that series. However, if an event of default under the Subordinated Indenture relates to more than one series of Subordinated Indenture Securities, only the registered owners of a majority in aggregate principal amount of all affected series of Subordinated Indenture Securities, considered as one class, will have the right to make that direction. Also, the direction must not violate any law or the Subordinated Indenture, and may not expose the Subordinated Indenture Trustee to personal liability in circumstances where its indemnity would not, in the Subordinated Indenture Trustee's sole discretion, be adequate. (Subordinated Indenture, Section 812).

No registered owner of Subordinated Indenture Securities of any series will have any right to institute any proceeding under the Subordinated Indenture, or exercise any remedy under the Subordinated Indenture, unless:

(1) that registered owner has previously given to the Subordinated Indenture Trustee written notice of a continuing event of default with respect to the Subordinated Indenture Securities of that series,

(2) the registered owners of a majority in aggregate principal amount of the outstanding Subordinated Indenture Securities of all series in respect of which an event of default under the Subordinated Indenture exists, considered as one class, have made written request to the Subordinated Indenture Trustee, and have offered reasonable indemnity to the Subordinated Indenture Trustee to institute that proceeding in its own name as trustee, and

(3) the Subordinated Indenture Trustee has failed to institute any proceeding, and has not received from the registered owners of a majority in aggregate principal amount of the outstanding Subordinated Indenture Securities of all series in respect of which an event of default under the Subordinated Indenture exists, considered as one class, a direction inconsistent with that request, within 60 days after that notice, request and offer. (Subordinated Indenture, Section 807).

However, these limitations do not apply to a suit instituted by a registered owner of a Subordinated Indenture Security for the enforcement of payment of the principal of or any premium, if any, or interest on that Subordinated Indenture Security on or after the applicable due date specified in that Subordinated Indenture Security. (Subordinated Indenture, Section 808).

FPL is required to deliver to the Subordinated Indenture Trustee an annual statement as to its compliance with all conditions and covenants applicable to it under the Subordinated Indenture. (Subordinated Indenture, Section 606).

Enforcement of Certain Rights by Holders of Preferred Trust Securities. If there is an event of default with respect to Junior Subordinated Debentures held by the Trust, then the holders of Preferred Trust Securities issued by the Trust will rely on the Property Trustee or the Subordinated Indenture Trustee, acting for the benefit of

the Property Trustee, to enforce the Property Trustee's rights against FPL as a holder of the Junior Subordinated Debentures. However, a holder of Preferred Trust Securities may enforce the Subordinated Indenture directly against FPL to the same extent, and upon the same conditions, as if the holder of Preferred Trust Securities held a principal amount of Junior Subordinated Debentures equal to the aggregate liquidation amount of its Preferred Trust Securities. (Subordinated Indenture, Section 610).

Subject to their right to bring suit to enforce their right to payment, the holders of Preferred Trust Securities would not be able to institute any proceeding with respect to the Subordinated Indenture unless the Subordinated Indenture Trustee has failed to do so for 60 days after a request of the holders of at least a majority of the aggregate liquidation amount of outstanding Preferred Trust Securities. Upon such failure, the holders of a majority of the aggregate liquidation amount of the outstanding Preferred Trust Securities would have the right to directly institute proceedings for enforcement of all other rights of the Subordinated Indenture Trustee against FPL to the fullest extent permitted by law. (Subordinated Indenture, Sections 807, 808 and 812).

Modification and Waiver. Without the consent of any registered owner of Subordinated Indenture Securities, FPL and the Subordinated Indenture Trustee may amend or supplement the Subordinated Indenture for any of the following purposes:

(1) to provide for the assumption by any permitted successor to FPL of FPL's obligations with respect to the Subordinated Indenture and the Subordinated Indenture Securities in the case of a merger or consolidation or a conveyance, transfer or lease of its properties and assets substantially as an entirety,

(2) to add covenants of FPL or to surrender any right or power conferred upon FPL by the Subordinated Indenture,

(3) to add any additional events of default,

(4) to change, eliminate or add any provision of the Subordinated Indenture, provided that if that change, elimination or addition will materially adversely affect the interests of the registered owners of Subordinated Indenture Securities of any series or tranche, that change, elimination or addition will become effective with respect to that series or tranche only

   (a) when the required consent of the registered owners of Subordinated Indenture Securities of that series or tranche has been obtained, or

   (b) when no Subordinated Indenture Securities of that series or tranche remain outstanding under the Subordinated Indenture,

(5) to provide collateral security for all but not a part of the Subordinated Indenture Securities,

(6) to establish the form or terms of Subordinated Indenture Securities of any other series or tranche,

(7) to provide for the authentication and delivery of bearer securities and the related coupons and for other matters relating to those bearer securities,

(8) to accept the appointment of a successor Subordinated Indenture Trustee or co-trustee with respect to the Subordinated Indenture Securities of one or more series and to change any of the provisions of the Subordinated Indenture as necessary to provide for the administration of the trusts under the Subordinated Indenture by more than one trustee,

(9) to add procedures to permit the use of a non-certificated system of registration for the Subordinated Indenture Securities of all or any series or tranche,

(10) to change any place where

(a) the principal of and premium, if any, and interest on all or any series or tranche of Subordinated Indenture Securities are payable,

(b) all or any series or tranche of Subordinated Indenture Securities may be transferred or exchanged, and

(c) notices and demands to or upon FPL in respect of Subordinated Indenture Securities and the Subordinated Indenture may be served, or

(11) to cure any ambiguity or inconsistency or to add or change any other provisions with respect to matters and questions arising under the Subordinated Indenture, provided those changes or additions may not materially adversely affect the interests of the registered owners of Subordinated Indenture Securities of any series or tranche. (Subordinated Indenture, Section 1201).

The registered owners of a majority in aggregate principal amount of the Subordinated Indenture Securities of all series then outstanding may waive compliance by FPL with certain restrictive provisions of the Subordinated Indenture. (Subordinated Indenture, Section 607). The registered owners of a majority in principal amount of the outstanding Subordinated Indenture Securities of any series may waive any past default under the Subordinated Indenture with respect to that series, except a default in the payment of principal, premium, if any, or interest and a default with respect to certain restrictive covenants or provisions of the Subordinated Indenture that cannot be modified or amended without the consent of the registered owner of each outstanding Subordinated Indenture Security of that series affected. (Subordinated Indenture, Section 813). If the Trust holds Subordinated Indenture Securities of any series, the Trust may not waive compliance, or any default in compliance, by FPL with any covenant or term contained in, or any past default under, the Subordinated Indenture or the Subordinated Indenture Securities of such series, without the approval of at least a majority (or such greater percentage required by the Trust Agreement) in aggregate liquidation preference amount of the outstanding Preferred Trust Securities. (Subordinated Indenture, Sections 607 and 813).

In addition to any amendments described above, if the Trust Indenture Act of 1939 is amended after the date of the Subordinated Indenture in a way that requires changes to the Subordinated Indenture or in a way that permits changes to, or the elimination of, provisions that were previously required by the Trust Indenture Act of 1939, the Subordinated Indenture will be deemed to be amended to conform to that amendment of the Trust Indenture Act of 1939 or to make those changes, additions or eliminations. FPL and the Subordinated Indenture Trustee may, without the consent of any registered owners, enter into supplemental indentures to make that amendment. (Subordinated Indenture, Section 1201).

Except for any amendments described above, the consent of the registered owners of a majority in aggregate principal amount of the Subordinated Indenture Securities of all series then outstanding, considered as one class, is required for all other modifications to the Subordinated Indenture. However, if less than all of the series of Subordinated Indenture Securities outstanding are directly affected by a proposed supplemental indenture, then the consent only of the registered owners of a majority in aggregate principal amount of outstanding Subordinated Indenture Securities of all directly affected series, considered as one class, is required. But, if FPL issues any series of Subordinated Indenture Securities in more than one tranche and if the proposed supplemental indenture directly affects the rights of the registered owners of Subordinated Indenture Securities of less than all of those tranches, then the consent only of the registered owners of a majority in aggregate principal amount of the outstanding Subordinated Indenture Securities of all directly affected tranches, considered as one class, will be required. However, none of those amendments or modifications may:

(1) change the dates on which the principal of or interest (except as described above under "—Option to Extend Interest Payment Period") on a Subordinated Indenture Security is due without the consent of the registered owner of that Subordinated Indenture Security,

(2) reduce any Subordinated Indenture Security's principal amount or rate of interest (or the amount of any installment of that interest) or change the method of calculating that rate without the consent of the registered owner of that Subordinated Indenture Security,

(3) reduce any premium payable upon the redemption of a Subordinated Indenture Security without the consent of the registered owner of that Subordinated Indenture Security,

(4) change the currency (or other property) in which a Subordinated Indenture Security is payable without the consent of the registered owner of that Subordinated Indenture Security,

(5) impair the right to sue to enforce payments on any Subordinated Indenture Security on or after the date that it states that the payment is due (or, in the case of redemption, on or after the redemption date) without the consent of the registered owner of that Subordinated Indenture Security,

(6) reduce the percentage in principal amount of the outstanding Subordinated Indenture Securities of any series or tranche whose owners must consent to an amendment, supplement or waiver without the consent of the registered owner of each outstanding Subordinated Indenture Security of that series or tranche,

(7) reduce the requirements for quorum or voting of any series or tranche without the consent of the registered owner of each outstanding Subordinated Indenture Security of that series or tranche, or

(8) modify certain of the provisions of the Subordinated Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the Subordinated Indenture Securities of any series or tranche, without the consent of the registered owner of each outstanding Subordinated Indenture Security affected by the modification.

A supplemental indenture that changes or eliminates any provision of the Subordinated Indenture that has expressly been included only for the benefit of one or more particular series or tranches of Subordinated Indenture Securities, or that modifies the rights of the registered owners of Subordinated Indenture Securities of that series or tranche with respect to that provision, will not affect the rights under the Subordinated Indenture of the registered owners of the Subordinated Indenture Securities of any other series or tranche. So long as any Preferred Trust Securities are outstanding, the Subordinated Indenture Trustee may not consent to any supplemental indenture without the prior consent of the holders of a majority in aggregate liquidation preference of all outstanding Preferred Trust Securities affected or, in the case of changes described in clauses (1) through (8) immediately above, 100% in aggregate liquidation preference of all such outstanding Preferred Trust Securities affected. (Subordinated Indenture, Section 1202).

The Subordinated Indenture provides that, in order to determine whether the registered owners of the required principal amount of the outstanding Subordinated Indenture Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Subordinated Indenture, or whether a quorum is present at the meeting of the registered owners of Subordinated Indenture Securities, Subordinated Indenture Securities owned by FPL or any other obligor upon the Subordinated Indenture Securities or any affiliate of FPL or of that other obligor (unless FPL, that affiliate or that obligor owns all Subordinated Indenture Securities outstanding under the Subordinated Indenture, determined without regard to this provision) will be disregarded and deemed not to be outstanding. (Subordinated Indenture, Section 101).

If FPL solicits any action under the Subordinated Indenture from registered owners of Subordinated Indenture Securities, FPL may, at its option, by signing a written request to the Subordinated Indenture Trustee, fix in advance a record date for determining the registered owners of Subordinated Indenture Securities entitled to take that action. However, FPL will not be obligated to do this. If FPL fixes such a record date, that action may be taken before or after that record date, but only the registered owners of record at the close of business on that record date will be deemed to be registered owners of Subordinated Indenture Securities for the purposes of determining whether registered owners of the required proportion of the outstanding Subordinated Indenture Securities have authorized that action. For these purposes, the outstanding Subordinated Indenture Securities will be computed as of the record date. Any action of a registered owner of any Subordinated Indenture Security under the Subordinated Indenture will bind every future registered owner of that Subordinated Indenture Security, or any Subordinated Indenture Security replacing that Subordinated Indenture Security, with respect to anything that the Subordinated Indenture Trustee or FPL do, fail to do, or allow to be done in reliance on that action, whether or not that action is noted upon that Subordinated Indenture Security. (Subordinated Indenture, Section 104).

Resignation and Removal of Subordinated Indenture Trustee. The Subordinated Indenture Trustee may resign at any time with respect to any series of Subordinated Indenture Securities by giving written notice of its resignation to FPL. Also, the registered owners of a majority in principal amount of the outstanding Subordinated Indenture Securities of one or more series of Subordinated Indenture Securities may remove the Subordinated Indenture Trustee at any time with respect to the Subordinated Indenture Securities of that series, by delivering an instrument evidencing this action to the Subordinated Indenture Trustee and FPL. However, so long as any Preferred Trust Securities remain outstanding, the Trust cannot deliver an instrument evidencing this action without the consent of the holders of a majority in aggregate liquidation preference of Preferred Trust Securities outstanding. (Subordinated Indenture, Section 910). The resignation or removal of the Subordinated Indenture Trustee and the appointment of a successor trustee will not become effective until a successor trustee accepts its appointment.

Except with respect to a Subordinated Indenture Trustee appointed by the registered owners of Subordinated Indenture Securities, the Subordinated Indenture Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the Subordinated Indenture if:

(1) no event of default under the Subordinated Indenture or event that, after notice or lapse of time, or both, would become an event of default under the Subordinated Indenture exists, and

(2) FPL has delivered to the Subordinated Indenture Trustee resolutions of its Board of Directors appointing a successor trustee and that successor trustee has accepted that appointment in accordance with the terms of the Subordinated Indenture. (Subordinated Indenture, Section 910).

Notices. Notices to registered owners of Subordinated Indenture Securities will be sent by mail to the addresses of those registered owners as they appear in the security register for those Subordinated Indenture Securities. (Subordinated Indenture, Section 106).

Title. The person in whose name a Subordinated Indenture Security is registered may be treated as the absolute owner of that Subordinated Indenture Security, whether or not that Subordinated Indenture Security is overdue, for the purpose of making payments and for all other purposes, regardless of any notice to the contrary. (Subordinated Indenture, Section 308).

Governing Law. The Subordinated Indenture and the Subordinated Indenture Securities will be governed by, and construed in accordance with, the laws of the State of New York, without regard to New York's conflict of law principles, except to the extent that the law of any other jurisdiction is mandatorily applicable. (Subordinated Indenture, Section 112).

INFORMATION CONCERNING THE TRUSTEES

In the regular course of business, FPL may obtain short-term funds from several banks, including Deutsche Bank Trust Company Americas.

FPL and its affiliates, including FPL Group and FPL Group Capital Inc, also maintain various banking and trust relationships with The Bank of New York. In addition to acting as Subordinated Indenture Trustee, security registrar and paying agent under the Subordinated Indenture, The Bank of New York would act as (i) Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement described under "Description of the Preferred Trust Securities Guarantee" above and (ii) Property Trustee under the Trust Agreement. The Bank of New York (Delaware) acts as the Delaware Trustee under the Trust Agreement.

PLAN OF DISTRIBUTION

FPL and the Trust may sell the securities offered pursuant to this prospectus ("Offered Securities"):

(1) through underwriters or dealers,

(2) through agents, or

(3) directly to one or more purchasers.

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

FPL and/or the Trust may authorize underwriters, dealers or agents to solicit offers by certain institutions to purchase the Offered Securities from FPL and/or the Trust 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.

The Offered Securities may also be offered and sold, if so indicated in the applicable prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms, which are referred to herein as the "remarketing firms," acting as principals for their own accounts or as our agent or the applicable trust's agents, as applicable. Any remarketing firm will be identified and the terms of its agreement, if any, with FPL and/or the Trust and its compensation will be described in the applicable prospectus supplement. Remarketing firms may be deemed to be underwriters, as that term is defined in the Securities Act of 1933, in connection with the securities remarketed thereby.

FPL and/or the Trust may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by FPL and/or the Trust or borrowed from any of them or others to settle those sales or to close out any

related open borrowings of securities, and may use securities received from FPL and/or the Trust in settlement of those derivatives to close out any related open borrowings of securities. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

FPL and/or the Trust may have agreements to indemnify underwriters, dealers and agents against, or to contribute to payments which the underwriters, dealers and agents may be required to make in respect of, certain civil liabilities, including liabilities under the Securities Act of 1933.

EXPERTS

The consolidated financial statements incorporated by reference in this prospectus from FPL's Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated by reference herein (which expresses an unqualified opinion and includes an explanatory paragraph relating to FPL's changes in 2003 in its methods of accounting for special purpose entities and for asset retirement obligations), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

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 Securities for FPL and the Trust. Hunton & Williams LLP, New York, New York, will pass upon the legality of the Offered Securities for any underwriter, dealer or agent. Certain matters of Delaware law relating to the validity of the Preferred Trust Securities, the enforceability of the Trust Agreement and the creation of the Trust will be passed upon by Morris, James, Hitchens & Williams LLP, special Delaware counsel to FPL and the Trust. Thelen Reid & Priest LLP and Hunton & Williams LLP may rely as to all matters of Florida law upon the opinion of Steel Hector & Davis LLP, and on the opinion of Morris, James, Hitchens & Williams LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities. Steel Hector & Davis LLP may rely as to all matters of New York law upon the opinion of Thelen Reid & Priest LLP, and on the opinion of Morris, James, Hitchens & Williams LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. Neither FPL nor the Trust has authorized anyone else to provide you with additional or different information. Neither FPL nor the Trust is 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 or any prospectus supplement 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.

Florida Power & Light Company

First Mortgage Bonds,
$400,000,000 5.65% Series due February 1, 2037

PROSPECTUS SUPPLEMENT
January 11, 2006

Joint Book-Running Managers

Banc of America Securities LLC **Lehman Brothers**

Co-Managers

Calyon Securities (USA)
LaSalle Capital Markets
Lazard Capital Markets
RBS Greenwich Capital
Scotia Captial
BBVA Securities Inc.
Fortis Securities LLC
HSBC
HVB Capital Markets, Inc.
SunTrust Robinson Humphrey

Exhibit (c)-1B

Florida Power & Light Company

First Mortgage Bonds,

$300,000,000 6.20% Series due June 1, 2036

Florida Power & Light Company will pay interest on the securities on June 1 and December 1 of each year, beginning December 1, 2006. Florida Power & Light Company may redeem some or all of the securities at any time before their maturity date at the redemption price discussed under "Description of the Bonds—Redemption" beginning on page 10 of this offering memorandum.

The securities 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 11 of this offering memorandum.

See "Risk Factors" beginning on page 3 to read about certain factors you should consider before making an investment in these securities.

Florida Power & Light Company has agreed to file an exchange offer registration statement or, under certain circumstances, a shelf registration statement, pursuant to a registration rights agreement. If Florida Power & Light Company fails to comply with some of its obligations under the registration rights agreement, Florida Power & Light Company will be required to pay additional interest on the securities as discussed in this offering memorandum under "Registered Exchange Offer; Registration Rights—Additional Interest."

Offering Price: 99.975% of the principal, plus accrued interest, if any, from April 24, 2006.

The securities have not been registered under the Securities Act of 1933 or any state securities laws and are being offered and sold only to "qualified institutional buyers" under Rule 144A under the Securities Act of 1933. The securities are subject to certain restrictions on resale described in this offering memorandum under "Transfer Restrictions."

The initial purchasers expect to deliver the securities to investors in book-entry only form through the facilities of The Depository Trust Company on or about April 24, 2006.

Joint Book-Running Managers

Barclays Capital **JPMorgan** **Scotia Capital**

Co-Managers

BNP PARIBAS

BNY Capital Markets, Inc.

KeyBanc Capital Markets

LaSalle Capital Markets

UBS Investment Bank

Wells Fargo Securities

The date of this offering memorandum is April 19, 2006.

You should rely only on the information included or incorporated by reference in this offering memorandum and in any written communication from us or the initial purchasers specifying the final terms of the offering. Neither Florida Power & Light Company ("FPL") nor any initial purchaser has authorized anyone else to provide you with additional or different information. Neither FPL nor any initial purchaser is making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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NOTICE TO INVESTORS

This offering memorandum, and any supplemental document or other information furnished to the initial purchasers or to prospective purchasers or holders of the securities, is confidential. FPL is providing this offering memorandum only to prospective purchasers of the securities. You should read this offering memorandum before deciding whether to purchase the securities. FPL has not authorized the use of this offering memorandum for any other purpose. You may not copy or distribute this offering memorandum in whole or in part to anyone without the prior consent of FPL or the initial purchasers.

The initial purchasers have made no representation or warranty, express or implied, as to the accuracy or completeness of information FPL has provided, and you may not rely on anything contained in this offering memorandum as a promise or representation by the initial purchasers as to FPL's past or future results. Although the initial purchasers have performed due diligence procedures with respect to the information included or incorporated by reference in this offering memorandum, the initial purchasers have not independently verified any information FPL has provided and assume no responsibility for the accuracy or completeness of such information.

In connection with this offering, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the market price of the securities, including over-allotment, stabilizing and syndicate short-covering transactions. Such transactions, if commenced, may be discontinued at any time. For a description of these activities, see "Plan of Distribution" in this offering memorandum.

In making an investment decision regarding the securities, you must rely on your own examination of FPL, the terms of this offering and the terms of the securities, including the merits and risks involved. You should not consider any information in this offering memorandum to be legal, business or tax advice. Neither FPL nor the

initial purchasers are making any representations to any offerree or purchaser of the securities described herein regarding the legality of investment therein by such offerree or purchaser under applicable legal investment or similar laws or regulations. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the securities.

This offering memorandum contains summaries of certain documents, which FPL believes are accurate. FPL refers you to the actual documents for a more complete understanding of what is discussed in this offering memorandum and qualifies all summaries by this reference.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any securities or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase the securities. Neither FPL nor any initial purchaser is responsible for your compliance with these legal requirements.

FPL is making this offering in reliance on exemptions from the registration requirements of the Securities Act of 1933 ("Securities Act"). These exemptions apply to offers and sales of the securities that do not involve a public offering. The securities have not been approved or disapproved by the Securities and Exchange Commission ("SEC") or any other federal or state securities authority, and neither the SEC nor any other of these authorities has determined that this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are subject to restrictions on transfer and resale, which are described in this offering memorandum under "Transfer Restrictions." By purchasing any of the securities, you will be deemed to have represented and agreed to all of the matters contained in that section of this offering memorandum. You may be required to bear the financial risks of your investment in the securities for an indefinite period of time.

You should contact the initial purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum. By purchasing any securities, you will be deemed to have acknowledged that you have reviewed this offering memorandum; that you have had an opportunity to request any additional information that you need from FPL or the initial purchasers; and that the initial purchasers are not responsible for, and are not making any representation to you concerning, FPL's future performance or the accuracy or completeness of this offering memorandum.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under this chapter with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

RISK FACTORS

Risks Related to FPL's Business

Before purchasing the securities, investors should carefully consider the following risk factors together with the other information incorporated by reference or provided in this offering memorandum in order to evaluate an investment in the securities.

FPL is subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry. FPL holds franchise agreements with local municipalities and counties, and must

renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL.

FPL is subject to complex laws and regulations, and to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 2005, the Federal Power Act, the Atomic Energy Act of 1954, the Energy Policy Act of 2005 and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission, 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 Florida Public Service Commission has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL is subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL operates in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL will need to adapt to these changes and may face increasing competitive pressure.

FPL's results of operations could be affected by its ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL.

The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses. 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 the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL's plants, or at the plants of other nuclear operators.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL could be adversely affected.

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 within established budgets 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.

The use of derivative contracts by FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL.

FPL uses derivative instruments, such as swaps, options 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 if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

Because FPL and FPL Group, Inc. rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL to grow its business and would likely increase interest costs.

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 of FPL and FPL Group to maintain their current credit ratings could affect FPL's ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL's ability to grow its business and would likely increase interest costs.

Customer growth in FPL's service area affects its results of operations.

FPL's results of operations are affected by the growth in customer accounts in its service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

Weather affects FPL's results of operations.

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities. FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. Recovery of these costs is subject to Florida Public Service Commission approval.

FPL is subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

FPL 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 laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL in unpredictable ways.

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, 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's ability to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.

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

FPL is subject to employee workforce factors that could affect the business and financial condition of FPL.

FPL is subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the business and financial condition of FPL.

Risks Related to the Offering of the Securities

Your ability to sell or otherwise transfer the securities will be restricted, and FPL cannot assure you that an active trading market will develop for the securities.

The securities have not been registered under the Securities Act or any state securities laws. Accordingly, if you purchase any securities, those securities may only be offered or sold by you pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. Although FPL is required under the registration rights agreement to use its reasonable efforts to commence an exchange offer to exchange the securities for registered securities with substantially the same terms, or to register resales of the securities under the Securities Act, FPL cannot assure you that such exchange or registration will occur, or, if it does, when it will occur.

The securities constitute a new issue of securities with no established trading market and will not be listed on any securities exchange. Each of the initial purchasers has informed FPL that it intends to make a market in the securities after this offering is completed. However, the initial purchasers may cease their market-making activities at any time. In addition, such market-making activity may be limited during the pendency of the exchange offer or the effectiveness of a shelf registration statement in lieu thereof. FPL cannot assure you that an active trading market for the securities, or any securities exchanged for the securities, will develop.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility 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 more than 8 million. During 2005, FPL served approximately 4.3 million customer accounts. FPL is a wholly-owned subsidiary of FPL Group, Inc.

FPL'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 33408-04205.

RECENT DEVELOPMENTS

On December 18, 2005, FPL Group entered into an Agreement and Plan of Merger with Constellation Energy Group, Inc. and its wholly-owned subsidiary. Pursuant to the agreement, FPL Group would merge with the wholly-owned subsidiary of Constellation Energy and be the surviving corporation of the merger. FPL Group will account for the merger as an acquisition of Constellation Energy under the purchase method of accounting. Immediately following the merger FPL would be an indirect subsidiary of Constellation Energy. Consummation of the merger is subject to a number of conditions, including FPL Group and Constellation Energy shareholder approvals and approvals by public service or utility commissions of specified states and approvals from the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. On December 21, 2005, FPL Group and FPL filed with the SEC a Current Report on Form 8-K that included a copy of the Agreement and Plan of Merger as an exhibit.

USE OF PROCEEDS

FPL will add the net proceeds from the sale of the First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Bonds"), which are expected to be approximately $295.8 million (after deducting the discounts or commissions to the initial purchasers and other offering expenses) to its general funds. FPL expects to use its general funds to repay FPL's short-term borrowings and for other corporate purposes. As of March 31, 2006, FPL's short-term consolidated indebtedness totaled $1.3 billion, including $1.0 billion of commercial paper outstanding which had maturities of up to 44 days and which had annual interest rates ranging from 4.60% to 4.85%. FPL will temporarily invest in short-term instruments any proceeds that are not immediately required for these purposes.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

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

Years Ended December 31,				
2005	2004	2003	2002	2001
5.74	6.74	7.23	7.47	6.44

CAPITALIZATION OF FPL

The following table shows FPL's capitalization as of December 31, 2005, and as adjusted. This table, which is presented in this offering memorandum solely to provide limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this offering memorandum.

		Adjusted(a)	
	December 31, 2005	Amount	Percent
	(Unaudited) (In Millions)		
Common Shareholder's Equity	$6,737	$6,737	62.9%
Long-term Debt (excluding current maturities)	3,271	3,971	37.1%
Total Capitalization	$10,008	$10,708	100.0%

(a) To give effect to (i) the issuance of the Bonds offered by this offering memorandum and (ii) the issuance in January 2006 of $400 million 5.65% first mortgage bonds maturing in 2037. Adjusted amounts do not reflect the deduction of any discounts or commissions to the initial purchasers or other offering expenses in connection with the issuance of the Bonds. Adjusted amounts also do not reflect any possible issuance and sale of additional securities by FPL from time to time after the date of this offering memorandum.

WHERE YOU CAN FIND MORE INFORMATION

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 SEC at the SEC's Public Reference Room at 100 F Street, N.E., 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, for so long as the Bonds remain outstanding, FPL has agreed to make available to any prospective purchaser of the Bonds the information required by Rule 144A(d)(4) under the Securities Act.

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

INCORPORATION BY REFERENCE

FPL may, in this offering memorandum, disclose important information to you by referring you to documents that it has filed with the SEC and "incorporated by reference" in this offering memorandum. The information incorporated by reference is an important part of this offering memorandum. 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 Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, excluding information deemed furnished and not filed, after the date of this offering memorandum until this offering is completed:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2005; and

(2) FPL's Current Report on Form 8-K filed with the SEC on January 5, 2006.

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, 875 Third Avenue, New York, New York, 10022, (212) 603-2000. FPL will provide to each person, including any beneficial owner, to whom this offering memorandum is delivered, a copy of any or all of the information that has been incorporated by reference in this offering memorandum but not delivered with this offering memorandum.

FORWARD-LOOKING STATEMENTS

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 offering memorandum (including in documents incorporated by reference) or any supplement to this offering memorandum, 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," "believe," "could," "estimated," "may," "plan," "potential," "projection," "target," "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the specific factors discussed in the "Risk Factors" herein and in the documents that are incorporated herein by reference (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL's operations and financial results, and 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, including unanticipated events, after the date on which that statement is made. 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.

The issues and associated risks and uncertainties discussed in the "Risk Factors" section herein and in the documents that are incorporated herein by reference 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 those additional issues could impair FPL's business in the future.

SEC REVIEW

In the course of review by the SEC staff of the registration statement for the exchange offer, or shelf registration statement, referred to in this offering memorandum (see "Registered Exchange Offer; Registration Rights") or FPL's other SEC filings, it is possible that changes will be made to the description of FPL's business

and other information and financial and statistical data included or incorporated by reference in this offering memorandum. While FPL believes that the financial and statistical data, business description and other information included or incorporated by reference in this offering memorandum have been prepared in a manner generally consistent, in all material respects, with current practice, FPL cannot assure you that comments received from the SEC staff on the registration statement for the exchange offer, or shelf registration statement, referred to in this offering memorandum or on other documents FPL files with the SEC will not require significant modification or reformulation of the financial and statistical data, business description or other information as presented or incorporated by reference in this offering memorandum.

DESCRIPTION OF THE BONDS

General. FPL will issue $300,000,000 aggregate principal amount of the Bonds as a new series of First Mortgage Bonds under its Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, as Trustee, which has been amended and supplemented in the past, may be supplemented prior to the issuance of the Bonds, and which will be supplemented again by one or more supplemental indentures relating to the Bonds. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this offering memorandum as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the Bonds, are referred to herein as "First Mortgage Bonds." The One Hundred Tenth Supplemental Indenture, dated as of April 1, 2006, supplements the Mortgage and establishes the specific terms of the Bonds.

This section briefly summarizes some of the terms of the Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in this offering memorandum but that are defined in the Mortgage. This summary is not complete. You should read this summary together with the Mortgage and the supplemental indenture establishing the Bonds for a complete understanding of all the provisions. A copy of the Mortgage and supplemental indenture will be made available to prospective purchasers of the Bonds upon request to FPL or the initial purchasers.

Interest and Payment. FPL will pay interest semi-annually on the Bonds at 6.20% per year. FPL may be required to pay additional interest in certain circumstances discussed under "Registered Exchange Offer; Registration Rights—Additional Interest." The Bonds will mature on June 1, 2036. FPL will pay interest on the Bonds on June 1 and December 1 of each year (each an "Interest Payment Date"). The first Interest Payment Date will be December 1, 2006. The record date for interest payable on any Interest Payment Date on the Bonds shall be the close of business (1) on the business day immediately preceding such Interest Payment Date so long as the Bonds remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date if the Bonds do not remain in book-entry only form. See "—Book-Entry Only Issuance."

Interest on the Bonds will accrue from and including the date of original issuance to but excluding the first Interest Payment Date. Starting on the first Interest Payment Date, interest on each 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 Bond to but excluding the next succeeding Interest Payment Date. No interest will accrue on a Bond for the day that the 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 Bonds at the rate of 6% per year.

The Bonds will be issued only in denominations of $1,000 and in integral multiples of $1,000. The principal of and interest on the Bonds will be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York. So long as the Bonds are solely registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), FPL will make principal and interest payments to Cede & Co. Disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC, DTC participants and indirect participants in DTC, all as described below under "Book-Entry Only Issuance."

Redemption. FPL may redeem any of the Bonds at its option or if and when required by the Mortgage. FPL may redeem any of the 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 Bonds at least 30 days prior to a Redemption Date. If FPL redeems all or any part of the Bonds, it will pay a redemption price ("Redemption Price") equal to the sum of:

(1) 100% of the principal amount of the 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 Bonds will never be less than 100% of the principal amount of those Bonds plus accrued and unpaid interest on those Bonds to the Redemption Date.

The amount of the make-whole premium with respect to any 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 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 Bonds being redeemed; over

(2) the principal amount of the 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.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 offering memorandum as an "Independent Investment Banker."

For purposes of determining the make-whole premium, "Treasury Yield" means a rate of interest per year 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 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 Bonds, the Trustee will select the particular Bonds to be redeemed by proration among registered holders of the Bonds or, in some cases, by such other method that it deems proper as provided in the Mortgage. However, if the Bonds are solely registered in the name of Cede & Co. and traded through DTC, then DTC will select the Bonds to be redeemed in accordance with its practices as described below in "—Book-Entry Only Issuance."

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.

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.

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 offering memorandum, 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 First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage Bonds if the issuance is based on retired First Mortgage Bonds or Qualified Lien Bonds.

As of December 31, 2005, after giving effect to the January 2006 issuance of $400 million First Mortgage Bonds, 5.65% Series due February 1, 2037, FPL could have issued under the Mortgage in excess of $5.5 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of $5.5 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, 2005, 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. Since all of the First Mortgage Bonds issued on or prior to April 30, 1992 have matured or have been redeemed and are no longer outstanding under the Mortgage, FPL may exercise this right to amend the Mortgage at any time.

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.

Book-Entry Only Issuance. The Bonds will trade through DTC. The Bonds will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the Bonds held in book-entry form will be subject to the restrictions on transfer discussed in this offering memorandum under "Transfer Restrictions."

Upon issuance of the global securities, DTC or its nominee will credit, on its book-entry registration and transfer system, the respective principal amount of Bonds represented by such global securities to the account of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the initial purchasers. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants.

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 the post-trade settlement of securities transactions among its participants through electronic computerized book-entry transfers and pledges 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 organizations. 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 Bonds within the DTC system must be made through participants, which will receive a credit for the Bonds on DTC's records. The beneficial ownership interest of each purchaser will be recorded on the appropriate participant's 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 Bonds. Transfers of ownership in the Bonds are to be accomplished by entries made on the books of the participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates for their Bonds, except if use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the 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 Bonds. DTC's records reflect only the identity of the participants to whose accounts such 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bonds. Beneficial owners of the Bonds may wish to ascertain that the nominee holding the Bonds has agreed to obtain and transmit notices to the beneficial owners.

Redemption notices will be sent to Cede & Co., as registered holder of the Bonds. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of Bonds of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Bonds, unless authorized by a participant in accordance with DTC's procedures. 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 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 Bonds.

Payments of redemption proceeds, principal of, and interest on the 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 upon DTC's receipt of funds and corresponding detail information from FPL or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. 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 (the Trustee under the Mortgage) or FPL, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 offering memorandum, a beneficial owner will not be entitled to receive physical delivery of the Bonds. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Bonds.

DTC may discontinue providing its services as securities depositary with respect to the Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depositary is obtained, certificates for the Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depositary. Additionally, subject to the procedures of DTC, FPL may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary) with respect to some or all of the Bonds. In that event, certificates for the Bonds will be printed and delivered. If certificates for the Bonds are printed and delivered,

- the Bonds will be issued in fully registered form without coupons;
- a holder of certificated Bonds would be able to 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; and
- a holder of certificated Bonds would be able to transfer those Bonds without cost to the holder, other than for applicable stamp taxes or other governmental charges.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that FPL believes to be reliable. Neither FPL nor any initial purchaser takes responsibility for the accuracy of this information.

Restrictions on Transfer. The Bonds, and any beneficial interest in the Bonds, will be subject to restrictions on transfer and the Bonds will bear a restrictive legend substantially as described in "Transfer Restrictions."

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

REGISTERED EXCHANGE OFFER; REGISTRATION RIGHTS

This section briefly summarizes some of the provisions of the registration rights agreement. This summary is not complete. You should read this summary together with the registration rights agreement for a complete understanding of all the provisions. A copy of the registration rights agreement will be made available to prospective purchasers of the Bonds upon request to FPL or the initial purchasers. In addition, the information below concerning specific interpretations of and positions taken by, the staff of the SEC is not intended to constitute legal advice, and prospective investors should consult their own legal advisors with respect to those matters.

Exchange Offer Registration Statement. FPL will enter into a registration rights agreement with the initial purchasers on or before the issue date of the Bonds. Under the registration rights agreement, FPL will, at its own cost:

(1) cause to be filed with the SEC an exchange offer registration statement with respect to a registered offer to exchange the Bonds for new First Mortgage Bonds of FPL ("Exchange Bonds") having terms substantially identical in all material respects to the Bonds, except that the Exchange Bonds will not contain registration rights or terms with respect to transfer restrictions and will not provide for any additional interest to be payable;

(2) use its reasonable efforts to cause the exchange offer registration statement to become effective under the Securities Act within 330 days of the closing of the offering of the Bonds;

(3) upon the effectiveness of the exchange offer registration statement, promptly offer the Exchange Bonds in exchange for the surrender of the Bonds;

(4) use its reasonable efforts to keep the exchange offer open for acceptance for a period of not less than 30 days, or longer if required by applicable law, after the date notice of the exchange offer is first mailed to the holders of the Bonds; and

(5) use its reasonable efforts to consummate the exchange offer within 360 days of the closing of the offering of the Bonds.

For each Bond surrendered to FPL pursuant to the exchange offer and not withdrawn by the holder, FPL will issue an Exchange Bond having a principal amount equal to that of the surrendered Bond. Interest on each Exchange Bond will accrue from the last Interest Payment Date on which interest was paid or duly provided for on the Bond surrendered in exchange therefor or, if no interest has been paid on such Bond, from the date of its original issue.

SEC Interpretations. Based on existing interpretations of the Securities Act by the staff of the SEC in several no-action letters to third parties, and subject to the immediately following sentence, FPL believes that the Exchange Bonds issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by the holders, other than holders who are broker-dealers, without further compliance with the registration and prospectus delivery provisions of the Securities Act. Any purchaser of Bonds, however, who is FPL's affiliate or who intends to participate in the exchange offer for the purpose of distributing the Exchange Bonds, or any participating broker-dealer who purchased the Bonds for its own account, other than as a result of market-making activities or other trading activities, to resell pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretations by the staff of the SEC;
- will not be able to tender its Bonds in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Exchange Bonds, unless the sale or transfer is made under an exemption from those requirements.

FPL does not intend to seek its own interpretation regarding the exchange offer, and FPL cannot assure you that the staff of the SEC would make a similar determination with respect to the Exchange Bonds as it has in other interpretations to third parties.

Each holder of Bonds, other than specified holders, who wishes to exchange the Bonds for the Exchange Bonds in the exchange offer will be required to make representations that:

- it is not an affiliate of FPL;
- it is not a broker-dealer tendering Bonds acquired directly from FPL for its own account;
- the Bonds being exchanged, and any Exchange Bonds to be received by it, have been or will be acquired in the ordinary course of its business; and
- it has no arrangement or understanding with any person to participate in the distribution, within the meaning of the Securities Act, of the Exchange Bonds.

In addition, in connection with resales of Exchange Bonds, any participating broker-dealer must deliver a prospectus meeting the requirements of the Securities Act. The staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the Exchange Bonds, other than a resale of an unsold allotment from the original sale of the Bonds, with the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, FPL will agree, for a period of 90 days following the consummation of the exchange offer, to make available a prospectus meeting the requirements of the Securities Act to any participating broker-dealer for use in connection with any resale of any Exchange Bonds acquired in the exchange offer.

Shelf Registration Statement. If:

(1) FPL is not permitted to consummate the exchange offer because the exchange offer is not permitted because of any change in law, regulation or applicable interpretation by the staff of the SEC;

(2) for any reason, the exchange offer is not consummated on or prior to 360 days after the closing of the offering of the Bonds,

(3) any initial purchaser so requests with respect to Bonds not eligible to be exchanged for Exchange Bonds in the exchange offer,

(4) any holder of Bonds is not permitted by law, regulation or applicable interpretation of the staff of the SEC to participate in the exchange offer, or any holder who participates in the exchange offer does not receive Exchange Bonds in the exchange offer which such holder could sell without compliance with the prospectus delivery requirements of the Securities Act, and such holder so requests (each holder of Bonds or Exchange Bonds described in (3) and (4), an "Ineligible Holder"); or

(5) FPL so elects,

FPL will, in addition to or instead of effecting the registration of the Exchange Bonds pursuant to the exchange offer registration statement, use its reasonable efforts to, at FPL's cost:

- cause a shelf registration statement under the Securities Act covering resales of the Bonds and/or Exchange Bonds, as the case may be, to become effective under the Securities Act within the later of (i) 180 days after being required or requested to file a shelf registration statement and (ii) 360 days after the closing of the offering of the Bonds; and

- keep the shelf registration statement effective until the earlier of (a) the time when the Bonds covered by the shelf registration statement can be sold pursuant to Rule 144 without any limitations thereunder or (b) the time when all of the Bonds and/or Exchange Bonds covered the shelf registration statement have been sold; provided, however, that FPL may fail to keep the shelf registration statement effective and usable for offers and sales of Bonds or Exchange Bonds in its reasonable judgment as discussed under "Legend; Suspension of Resales" below.

In the event a shelf registration statement becomes effective, FPL will, among other things, notify each holder for whom such shelf registration statement was filed when the shelf registration statement has become effective, provide to each such holder a reasonable number of copies of the prospectus relating to the Bonds and/or the Exchange Bonds that is a part of the shelf registration statement and take certain other actions as required to permit unrestricted resales of the Bonds or the Exchange Bonds, as the case may be. A holder selling such Bonds or Exchange Bonds pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus, to deliver information to be used in connection with the shelf registration and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to the holder, including indemnification obligations.

Legend; Suspension of Resales. Each Bond or, if applicable, Exchange Bond will contain a legend to the effect that the holder of the Bond or Exchange Bond, by its acceptance of the Bond or Exchange Bond, agrees to be bound by the provisions of the registration rights agreement. In that regard, if a holder receives notice from FPL of:

(1) any request by the SEC or any state securities authority for amendments or supplements to a registration statement or prospectus or for additional information after the registration statement has become effective;

(2) the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a registration statement or the qualification of the Bonds or the Exchange Bonds to be offered or sold by any participating broker-dealer or the initiation of any proceedings for that purpose;

(3) the happening of any event or the failure of any event to occur or the discovery of any facts which makes any statement made in the relevant registration statement or the related prospectus untrue in any material respect or which causes that registration statement or the related prospectus to omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which there were made, not misleading, as well as any other corporate developments, public filings with the SEC or similar events that causes the registration statement not to be effective or the prospectus not to be usable for resales; or

(4) FPL's reasonable determination that a post-effective amendment to the registration statement would be appropriate;

the holder, or participating broker-dealer, as the case may be, will suspend the sale of the Bonds and/or Exchange Bonds pursuant to that prospectus until FPL has either:

- amended or supplemented the prospectus to correct the misstatement or omission and furnished copies of the amended or supplemented prospectus to the holder, or participating broker-dealer, as the case may be; or

- given notice that the sale of the Bonds and/or Exchange Bonds may be resumed.

Additional Interest. FPL will pay additional cash interest on the Bonds if:

(1) the exchange offer registration statement has not become effective under the Securities Act within 330 days after the closing of the offering of the Bonds (unless FPL is not permitted to effect the exchange offer because the exchange offer is not permitted because of a change in law, regulation or applicable interpretation by the staff of the SEC);

(2) the exchange offer is not consummated within 360 days after the closing of the offering of the Bonds (unless FPL is not permitted to effect an exchange offer as specified in (1) above);

(3) the shelf registration statement ((a) with respect to all Bonds if FPL is not permitted to effect an exchange offer as specified in (1) above and (b) with respect to Bonds or Exchange Bonds held by Ineligible Holders) has not become effective under the Securities Act within the later of (i) 180 days after being required or requested to file a shelf registration statement and (ii) 360 days after the closing of the offering of the Bonds; or

(4) after the exchange offer registration statement or the shelf registration statement, as the case may be, becomes effective, such registration statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of Bonds or Exchange Bonds as provided in and during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4), a "Registration Default").

Additional cash interest will accrue on the Bonds and the Exchange Bonds, as the case may be, from and including the date on which any such Registration Default shall have occurred to but excluding the date on which all Registration Defaults have been cured, or if earlier, the date on which the Bonds may first be resold in reliance on Rule 144(k) under the Securities Act, at the rate of 0.25% per annum ("Additional Interest Rate"); provided, however, that the Additional Interest Rate on the Bonds may not exceed in the aggregate 0.25% per annum. Such interest will be payable on Interest Payment Dates in addition to any other interest payable from time to time with respect to the Bonds and Exchange Bonds and will be payable on Interest Payment Dates in the same manner as ordinary interest.

PLAN OF DISTRIBUTION

FPL is selling the Bonds to the initial purchasers named in the table below pursuant to a purchase agreement dated the date of this offering memorandum between FPL and the initial purchasers named below. Subject to certain conditions, FPL has agreed to sell to each of the initial purchasers, and each of the initial purchasers has severally agreed to purchase, the principal amount of Bonds set forth opposite that initial purchaser's name in the table below:

Initial Purchaser	Principal Amount of Bonds
Barclays Capital Inc.	$ 75,000,000
J.P. Morgan Securities Inc.	75,000,000
Scotia Capital (USA) Inc.	75,000,000
BNP Paribas Securities Corp.	12,500,000
BNY Capital Markets, Inc.	12,500,000
LaSalle Financial Services, Inc.	12,500,000
McDonald Investments, Inc.	12,500,000
UBS Securities LLC	12,500,000
Wells Fargo Securities, LLC	12,500,000
Total	$300,000,000

Under the terms and conditions of the purchase agreement, the initial purchasers must buy all of the Bonds if they buy any of them. The purchase agreement provides that the obligations of the initial purchasers pursuant thereto are subject to certain conditions. In the event of a default by an initial purchaser, the purchase agreement provides that, in certain circumstances, the purchase commitment of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated. The initial purchasers will sell the Bonds to qualified investors when and if the initial purchasers buy the Bonds from FPL.

FPL has been advised by the initial purchasers that the initial purchasers propose initially to resell the Bonds at the offering price set forth on the cover page of this offering memorandum to qualified institutional buyers in reliance upon Rule 144A under the Securities Act. After the initial offering, the offering price and other selling terms of the Bonds may be changed by the initial purchasers.

Each initial purchaser has agreed that it will not offer, sell or deliver the Bonds other than to persons it reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A in transactions meeting the requirements of Rule 144A.

There is currently no established trading market for the Bonds. FPL does not plan to list the Bonds (or any Exchange Bonds) on any securities exchange. The initial purchasers have advised FPL that they intend to make a trading market in the Bonds but are not obligated to do so and may discontinue such market-making activities at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934 and may be limited during the pendency of the exchange offer or after the filing and before the effectiveness of any shelf registration statement. See "Registered Exchange Offer; Registration Rights." FPL cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the Bonds.

In connection with the offering, the initial purchasers may purchase and sell the Bonds in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment includes syndicate sales of Bonds in excess of the principal amount of Bonds to be purchased by the initial purchasers in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the Bonds 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 Bonds made for the purpose of preventing or retarding a decline in the market price of the Bonds while the offering is in progress.

The initial purchasers may also reclaim selling concessions allowed to an agent or a dealer for distributing the Bonds in the offering, if the initial purchasers repurchase previously distributed the Bonds in transactions to cover short positions, in stabilization transactions or otherwise.

Any of these activities may cause the price of the 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 Bonds, other than discounts and commissions to the initial purchasers will be $1.5 million. This estimate includes expenses relating to Florida taxes, printing, rating agency fees, trustee's fees and legal fees, among other expenses.

FPL has agreed to indemnify the initial purchasers against, or to contribute to payments the initial purchasers may be required to make in respect of, certain liabilities, including liabilities under the Securities Act.

Certain of the initial purchasers or their affiliates may engage from time to time in various general financing and commercial banking transactions with FPL and its affiliates. Affiliates of certain of the initial purchasers are lenders to FPL and/or affiliates of FPL under various credit agreements.

TRANSFER RESTRICTIONS

Offers and Sales by the Initial Purchasers

The Bonds have not been registered under the Securities Act and may not be offered or sold in the U.S. or to, or for the account or benefit of, U.S. persons (within the meaning of the Securities Act) except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Bonds are being offered and sold only to qualified institutional buyers under Rule 144A in private sales exempt from the registration requirements of the Securities Act. The only Bonds that will be eligible to be deposited with DTC are Bonds held by qualified institutional buyers.

Investor Representations and Restrictions on Resale

Each purchaser of the Bonds, by accepting such Bonds, will be deemed to have represented and agreed as follows:

(1) the purchaser is acquiring the Bonds for its own account, or an account with respect to which it exercises sole investment discretion, and that it, or such account, is a qualified institutional buyer;

(2) the purchaser understands and agrees that such Bonds are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, that the Bonds have not been registered under the Securities Act, and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer such Bonds on which the legend set forth below appears, such Bonds may be offered, resold, pledged or otherwise transferred only (i) to FPL, (ii) to a person whom the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or pursuant to any other available exemption from the registration requirements of, or in a transaction not subject to, the Securities Act or (iv) pursuant to an effective registration statement under the Securities Act, in each of clauses (i) through (iv) in accordance with any securities laws of any state of the U.S. and (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of Bonds from it of the resale restrictions referred to in (A) above, if then applicable;

(3) the purchaser understands that the notification requirement referred to in (2)(B) above will be satisfied, in the case only of transfers by physical delivery of certificated Bonds other than a global certificate, by virtue of the fact that the following legend will be placed on the Bonds unless otherwise agreed by FPL:

This security has not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The holder hereof, by purchasing this security, agrees for the benefit of Florida Power & Light Company (the "Company") that this security may not be resold, pledged or otherwise transferred other than (a)(1) to the Company, (2) to a person whom the seller reasonably believes is a "qualified institutional buyer" within the meaning of

Rule 144A under the Securities Act ("Rule 144A") that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (3) in a transaction entitled to an exemption from registration provided by Rule 144 under the Securities Act (if available) or pursuant to any other available exemption from the registration requirements of, or in a transaction not subject to, the Securities Act or (4) pursuant to an effective registration statement under the Securities Act and (b) in each case in accordance with any applicable securities laws of any state or the United States.

(4) the purchaser (i) is able to fend for itself in the transactions contemplated by this offering memorandum; (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Bonds; (iii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment; and (iv) may be required to bear the financial risks of this investment for an indefinite period of time; and

(5) the purchaser understands that FPL, the initial purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and warranties deemed to have been made by it by its purchase of the Bonds are no longer accurate, it shall promptly notify FPL and the initial purchasers. If it is acquiring the Bonds as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

The Bonds or Exchange Bonds may not be sold or transferred to any employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (''ERISA''), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("Code"), or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA, or entities whose underlying assets are considered to include ''plan assets'' of such plans, accounts and arrangements (each, a ''plan''), except that such purchase for or on behalf of a plan shall be permitted, and each purchaser of the Bonds or the Exchange Bonds shall be deemed to have represented and covenanted that it is not acquiring the Bonds or the Exchange Bonds for, or on behalf of, and will not transfer the Bonds or the Exchange Bonds to, a plan unless: (i) the acquisition, holding and the disposition of any Bonds or Exchange Bonds by such holder does not and will not constitute a prohibited transaction under ERISA or Section 4975 of the Code or other similar laws; or (ii) the acquisition, holding and the disposition of any Bonds or Exchange Bonds by such holder constitutes or will constitute a prohibited transaction under ERISA or Section 4975 of the Code or other similar laws but an exemption is available with respect to such transactions and the conditions of such exemption have at all relevant times been satisfied.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements and management's report on the effectiveness of internal control over financial reporting incorporated in this offering memorandum by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference.

LEGAL OPINIONS

Squire, Sanders & Dempsey L.L.P., Miami, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Bonds for FPL. Hunton & Williams LLP, New York, New York, will pass upon the legality of the Bonds for the initial purchasers. Thelen Reid & Priest LLP and Hunton & Williams LLP may rely as to all matters of Florida law upon the opinion of Squire, Sanders & Dempsey L.L.P. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Thelen Reid & Priest LLP.

Florida Power & Light Company

First Mortgage Bonds,

$300,000,000 6.20% Series due June 1, 2036

OFFERING MEMORANDUM

April 19, 2006

Barclays Capital **JPMorgan** **Scotia Capital**

BNP PARIBAS

BNY Capital Markets, Inc.

KeyBanc Capital Markets

LaSalle Capital Markets

UBS Investment Bank

Wells Fargo Securities

Exhibit (c)-1C

As filed with the Securities and Exchange Commission on November 17, 2006

Registration Statement No. 333-138818

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FLORIDA POWER & LIGHT COMPANY

(Exact name of registrant as specified in its charter)

Florida	**4911**	**59-0247775**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(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)

Edward F. Tancer, Esq.	Thomas R. McGuigan, Esq.	Robert J. Reger, Jr., Esq.
Senior Vice President & General Counsel	Squire, Sanders & Dempsey L.L.P.	Thelen Reid & Priest LLP
Florida Power & Light Company	1900 Phillips Point West	875 Third Avenue
700 Universe Boulevard	777 South Flagler Drive	New York, New York 10022
Juno Beach, Florida 33408	West Palm Beach, Florida 33401	(212) 603-2000
(561) 694-4000	(561) 650-7200	

(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 LLP
200 Park Avenue
New York, New York 10166
(212) 309-1000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. ☐

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
First Mortgage Bonds, 6.20% Series due June 1, 2036	$300,000,000	100%	$300,000,000	$32,100

(1) In accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended (the "Securities Act"), the registration fee is based on the book value of Florida Power & Light Company's outstanding First Mortgage Bonds, 6.20% Series due June 1, 2036, to be cancelled in the exchange transaction hereunder.

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.

Subject to completion, dated November 17, 2006

PROSPECTUS

FLORIDA POWER & LIGHT COMPANY

OFFER TO EXCHANGE

$300,000,000
Registered First Mortgage Bonds,
6.20% Series due June 1, 2036
for any and all
Unregistered First Mortgage Bonds,
6.20% Series due June 1, 2036

This exchange offer will expire at 5:00 p.m., New York City time, on , unless extended.

Florida Power & Light Company is offering to exchange up to $300,000,000 in aggregate principal amount of its registered First Mortgage Bonds, 6.20% Series due June 1, 2036, which are referred to as the "Exchange Bonds," for $300,000,000 in aggregate principal amount of its outstanding unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036, which are referred to as the "Original Bonds." The terms of the Exchange Bonds are identical in all material respect to the terms of the Original Bonds, except that the Exchange Bonds have been registered under the Securities Act of 1933, and, therefore, the terms relating to transfer restriction, registration rights and additional interest applicable to the Original Bonds are not applicable to the Exchange Bonds, and the Exchange Bonds will bear a different CUSIP number. In this prospectus, any Original Bonds that are not exchanged for Exchange Bonds are referred to as the "Remaining Original Bonds."

- Florida Power & Light Company will accept any and all Original Bonds that are validly tendered and not validly withdrawn on or before the expiration of this exchange offer. See the procedures for tendering the Original Bonds under "The Exchange Offer" beginning on page 9 of this prospectus.
- Tenders of Original Bonds may be validly withdrawn at any time prior to expiration of this exchange offer.
- If you fail to tender your Original Bonds, you will continue to hold unregistered, restricted securities, and your ability to transfer them may be adversely affected.
- The exchange of Original Bonds for Exchange Bonds will not be a taxable event for United States federal income tax purposes.
- Original Bonds may be exchanged for the Exchange Bonds only in denominations of $1,000 and integral multiples of $1,000.
- No public market currently exists for the Exchange Bonds. Florida Power & Light Company does not intend to list the Exchange Bonds on any securities exchange.

Each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Bonds. The related letter of transmittal that is delivered with this prospectus states that by so acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds where the Original Bonds were acquired by the broker-dealer as a result of market-making activities or other trading activities. Florida Power & Light Company has agreed that, for a period of 90 days following the consummation of this exchange offer, Florida Power & Light Company will make this prospectus available for use in connection with any such resale of Exchange Bonds. See "Plan of Distribution" beginning on page 31 of this prospectus.

Each holder of Original Bonds wishing to accept this exchange offer must effect a tender of Original Bonds by book-entry transfer into the exchange agent's account at The Depository Trust Company. All deliveries are at the risk of the holder. You can find more detailed instructions concerning delivery under "The Exchange Offer" beginning on page 9.

See "Risk Factors" beginning on page 3 of this prospectus to read about certain factors you should consider in connection with this exchange offer.

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.

You should read this entire document and the accompanying letter of transmittal and related documents and any amendments or supplements carefully before making your decision to participate in this exchange offer.

The date of this prospectus is , .

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 solicitation, offer or sale is not permitted.

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You should rely only on the information included or incorporated by reference in this prospectus or in any prospectus supplement. Florida Power & Light Company ("FPL") has not authorized anyone to provide you with additional or different information. FPL is not making an offer to exchange the Original Bonds discussed in this prospectus in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to Robert J. Reger, Jr., Esq., Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10019. Oral requests should be made by telephoning (212) 603-2000. In order to obtain timely delivery, you must request the information no later than , , which is five business days before the expiration date of this exchange offer.

RISK FACTORS

Before participating in this exchange offer, investors should carefully consider the following risk factors together with the risk factors and other information incorporated by reference or provided in this prospectus or in any prospectus supplement in order to determine whether to participate in this exchange offer.

Risks relating to FPL's business

FPL is subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry and environmental matters. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL.

FPL is subject to complex laws and regulations, and to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 2005, the Federal Power Act, the Atomic Energy Act of 1954, the Energy Policy Act of 2005 and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission, 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 Florida Public Service Commission has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL is subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL operates in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL will need to adapt to these changes and may face increasing competitive pressure.

FPL's results of operations could be affected by its ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL.

The operation and maintenance of power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout our generation fleets unless and until such defects are remedied, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not

cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL's plants, or at the plants of other nuclear operators.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL could be adversely affected.

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 within established budgets 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.

The use of derivative contracts by FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL.

FPL uses derivative instruments, such as swaps, options and forwards to manage its commodity and financial market risks. FPL could recognize financial losses if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

Because FPL and FPL Group, Inc. rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL to grow its business and would likely increase interest costs.

FPL as well as FPL Group, Inc. ("FPL Group") 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 of FPL and FPL Group to maintain their current credit ratings could affect FPL's ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

Customer growth in FPL's service area affects its results of operations.

FPL's results of operations are affected by the growth in customer accounts in FPL's service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

Weather affects FPL's results of operations.

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities. FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. Recovery of these costs is subject to Florida Public Service Commission approval.

FPL is subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

FPL 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 laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL in unpredictable ways.

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, 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's ability to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.

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

FPL is subject to employee workforce factors that could affect the business and financial condition of FPL.

FPL is subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the business and financial condition of FPL.

Risk related to this exchange offer

If you fail to exchange Original Bonds, they will remain subject to transfer restrictions.

The Remaining Original Bonds will continue to be subject to restrictions on their transfer in accordance with the Securities Act of 1933 ("Securities Act"). After the expiration of this exchange offer, holders of the Remaining Original Bonds will not have any further rights to have those Remaining Original Bonds registered under the Securities Act, except in the limited circumstances described in the next sentence. The only holders that will have further registration rights are broker-dealers and holders, other than broker-dealers, (i) that were not permitted by applicable law or interpretations of the staff of the Securities and Exchange Commission ("SEC"), to participate in this exchange offer or (ii) that participated in this exchange offer but did not receive freely tradeable Exchange Bonds on the date of the exchange. The value of the Remaining Original Bonds could be adversely affected by the conclusion of this exchange offer. There may be no market for the Remaining Original Bonds and thus you may be unable to sell those bonds.

Late deliveries of Original Bonds and other required documents could prevent you from exchanging your Original Bonds.

Bondholders are responsible for complying with all exchange offer procedures. The issuance of Exchange Bonds will only occur upon the proper and timely completion of the procedures described under "The Exchange Offer." Therefore, holders of Original Bonds that wish to exchange Original Bonds for Exchange Bonds should allow sufficient time for the timely completion of the exchange offer procedures. Neither FPL nor the exchange agent is obligated to notify you of any failure to follow the proper exchange offer procedures.

If you are a broker-dealer, your ability to transfer the Exchange Bonds may be restricted.

A broker-dealer that purchased Original Bonds for its own account as part of market-making or trading activities must deliver a prospectus when it sells the Exchange Bonds. FPL's obligation to make this prospectus available to broker-dealers is limited. Consequently, FPL cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their Exchange Bonds.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility engaged primarily 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 more than 8 million. During 2005, FPL served approximately 4.3 million customer accounts. FPL is a wholly-owned subsidiary of FPL Group.

FPL'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 33408-04205.

USE OF PROCEEDS

FPL will not receive any cash proceeds from the issuance of the Exchange Bonds. In exchange for issuing the Exchange Bonds as described in this prospectus, FPL will receive an equal aggregate principal amount of Original Bonds, which will be cancelled.

FPL received approximately $295.8 million of net proceeds from the sale of the Original Bonds in April 2006. FPL used the proceeds to repay a portion of FPL's short-term borrowings and for other corporate purposes.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

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

Years Ended December 31,				
2005	2004	2003	2002	2001
5.74	6.74	7.23	7.47	6.44

FPL's consolidated ratio of earnings to fixed charges for the nine months ended September 30, 2006 was 5.29.

SELECTED FINANCIAL DATA

The following material 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 or in any prospectus supplement. The selected financial data in the following table sets forth consolidated balance sheet data as of, and consolidated operating data for the nine months ended, September 30, 2006 and 2005, derived from FPL's unaudited condensed financial statements, and each of the fiscal years in the five-year period ending December 31, 2005 derived from FPL's consolidated financial statements audited by Deloitte & Touche LLP, independent registered public accounting firm. In the opinion of FPL, all adjustments (consisting of normal recurring accruals) considered necessary for a fair financial statement presentation of the results of operations for the nine months ended September 30, 2006 and 2005 have been made. The income statement data for an interim period generally will not give a true indication of the results that may be expected for an entire year.

	Nine Months Ended September 30,		Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(millions):							
Operating revenues	$ 9,096	$ 7,230	$ 9,528	$ 8,734	$ 8,293	$ 7,378	$ 7,477
Net income available to FPL Group	$ 632	$ 624	$ 748	$ 749	$ 733	$ 717	$ 679[b]
Total assets [a]	$ 23,150	$ 23,199	$ 22,726	$ 19,114	$ 17,817	$ 16,032	$ 15,174
Long-term debt, excluding current maturities [a]	$ 4,213	$ 3,271	$ 3,271	$ 2,813	$ 3,074	$ 2,364	$ 2,579
Energy sales (kwh)			105,648	103,635	103,202	98,605	93,488
Energy sales:							
Residential			51.4%	50.7%	51.8%	51.6%	50.9%
Commercial			41.1	40.6	40.1	40.6	40.6
Industrial			3.7	3.8	3.9	4.1	4.4
Interchange power sales			2.0	2.9	2.3	1.8	2.2
Other [c]			1.8	2.0	1.9	1.9	1.9
Total			100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (megawatt): [d]							
Summer season			22,361	20,545	19,668	19,219	18,754
Winter season			19,682	18,108	15,989	20,190	17,585
Average number of customer accounts (thousands):							
Residential			3,828	3,745	3,653	3,566	3,491
Commercial			470	458	445	435	427
Industrial			20	19	17	16	15
Other			4	3	2	3	2
Total			4,322	4,225	4,117	4,020	3,935
Average price per kilowatt-hour (cents) [e]			8.88	8.36	7.95	7.32	8.05

(a) Reflects the adoption of Financial Accounting Standards Board Interpretation No. 46 in July 2003.
(b) Includes merger-related expenses.
(c) Includes the net change in unbilled sales.
(d) Winter season includes November and December of the current year and January to March of the following year.
(e) Excludes interchange power sales, net change in unbilled revenues, deferrals/recoveries under cost recovery clauses and a provision, if any, for retail rate refund.

WHERE YOU CAN FIND MORE INFORMATION

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 SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

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

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 Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of the initial filing of the registration statement of which this prospectus is a part and the effectiveness of that registration statement, as well as after the date of this prospectus until FPL consummates the exchange offer:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2005;

(2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006; and

(3) FPL's Current Reports on Form 8-K filed with the SEC on January 5, 2006, April 24, 2006, May 19, 2006, May 26, 2006 and October 25, 2006.

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, 875 Third Avenue, New York, New York 10022, (212) 603-2000. FPL will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus but not delivered with this prospectus. In order to obtain timely delivery, you must request information no later than , , five business days before the expiration of this exchange offer.

FPL is providing to each person to whom it is delivering this prospectus a copy of its Annual Report on Form 10-K for the year ended December 31, 2005 and a copy of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

FORWARD-LOOKING STATEMENTS

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 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," "believe," "could," "estimated," "may," "plan," "potential," "projection," "target," "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the specific factors discussed in "Risk Factors" herein and in the reports that are incorporated herein by reference (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking

statements) that could have a significant impact on FPL's operations and financial results, and 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, including unanticipated events, after the date on which that statement is made. 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.

The issues and associated risks and uncertainties discussed in "Risk Factors" herein and in the reports that are incorporated herein by reference 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 those additional issues could impair FPL's business in the future.

THE EXCHANGE OFFER

FPL is offering to exchange up to $300,000,000 in aggregate principal amount of Exchange Bonds for the same aggregate principal amount of Original Bonds, validly tendered and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. Unlike the Original Bonds, the Exchange Bonds will be registered under the Securities Act. FPL is making this exchange offer for all of the Original Bonds. Your participation in this exchange offer is voluntary, and you should carefully consider whether to accept this offer.

As of the date of this prospectus, $300,000,000 in aggregate principal amount of Original Bonds are outstanding. FPL's obligations to accept Original Bonds for Exchange Bonds pursuant to this exchange offer are limited by the conditions listed below under "—Conditions to the Exchange Offer." FPL currently expects that each of the conditions will be satisfied and that no waivers will be necessary.

Purpose of the Exchange Offer

On April 24, 2006, FPL issued and sold $300,000,000 in aggregate principal amount of its First Mortgage Bonds, 6.20% Series due June 1, 2036 in a transaction exempt from the registration requirements of the Securities Act. The initial purchasers of the Original Bonds subsequently resold the Original Bonds to qualified institutional buyers in reliance on Rule 144A under the Securities Act.

Because the transactions were exempt from registration under the Securities Act, a holder may reoffer, resell or otherwise transfer Original Bonds only if the Original Bonds are registered under the Securities Act or if an applicable exemption from the registration and prospectus delivery requirements of the Securities Act is available.

In connection with the issuance and sale of the Original Bonds, FPL entered into a registration rights agreement with the initial purchasers of the Original Bonds, in which FPL agreed to

(1) cause to be filed with the SEC an exchange offer registration statement with respect to this exchange offer and the issuance and delivery to the holders, in exchange for the Original Bonds, of a like principal amount of Exchange Bonds;

(2) use its reasonable efforts to cause the exchange offer registration statement to become effective under the Securities Act within 330 days of the closing of the offering of the Original Bonds (March 20, 2007);

(3) upon the effectiveness of the exchange offer registration statement, promptly offer the Exchange Bonds in exchange for the surrender of the Original Bonds;

(4) use its reasonable efforts to keep the exchange offer open for acceptance for a period of not less than 30 days, or longer if required by applicable law, after the date notice of the exchange offer is first mailed to the holders of the Original Bonds; and

(5) use its reasonable efforts to consummate the exchange offer within 360 days of the closing of the offering of the Original Bonds (April 19, 2007).

The registration rights agreement also provides that if:

(1) the exchange offer registration statement has not become effective under the Securities Act within 330 days after the closing of the offering of the Original Bonds (unless FPL is not permitted to effect the exchange offer because the exchange offer is not permitted because of a change in law, regulation or applicable interpretation by the staff of the SEC);

(2) the exchange offer is not consummated within 360 days after the closing of the offering of the Original Bonds (unless FPL is not permitted to effect an exchange offer as specified in (1) above);

(3) a shelf registration statement ((a) with respect to all Original Bonds if FPL is not permitted to effect an exchange offer as specified in (1) above and (b) with respect to Original Bonds not eligible to be exchanged for Exchange Bonds in the exchange offer, or with respect to Original Bonds or Exchange Bonds held by any holder that is not permitted by law, regulation or applicable interpretation of the staff of the SEC to participate in the exchange offer, or any holder who participates in the exchange offer but does not receive Exchange Bonds in the exchange offer which such holder could sell without compliance with the prospectus delivery requirements of the Securities Act) has not become effective under the Securities Act within the later of (i) 180 days after being required or requested to file a shelf registration statement and (ii) 360 days after the closing of the offering of the Original Bonds; or

(4) after the exchange offer registration statement or the shelf registration statement, as the case may be, becomes effective, such registration statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of Original Bonds or Exchange Bonds as provided in and during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4), a "Registration Default"),

then additional interest will accrue on the Original Bonds and the Exchange Bonds, as the case may be, in addition to the rate shown on the cover page of this prospectus, from and including the date on which any such Registration Default shall have occurred to, but excluding, the date on which the Registration Defaults have been cured, or if earlier, the date on which the Original Bonds may first be resold in reliance on Rule 144(k) under the Securities Act, at the rate of 0.25% per annum ("Additional Interest Rate"); provided, however, that the Additional Interest Rate on the Original Bonds may not exceed 0.25% per annum even if there are multiple Registration Defaults. Such additional interest will be payable on the interest payment dates in addition to any other interest payable from time to time with respect to the Original Bonds and the Exchange Bonds and will be payable on interest payment dates in the same manner as ordinary interest. See "Description of the Exchange Bonds—Interest and Payment" below for a description of the interest payment dates.

The Exchange Bonds will be issued in a like principal amount and will be identical in all material respects to the Original Bonds, except that the Exchange Bonds will be registered under the Securities Act, and, therefore, the terms relating to transfer restrictions, registration rights and additional interest applicable to the Original Bonds are not applicable to the Exchange Bonds, and the Exchange Bonds will bear a different CUSIP number.

A copy of the registration rights agreement has been filed previously with the SEC and is an exhibit to the exchange offer registration statement filed with the SEC of which this prospectus is a part. FPL is making this exchange offer to satisfy its obligations under the registration rights agreement. Holders of Original Bonds who do not tender their Original Bonds or whose Original Bonds are tendered but not accepted will have to rely on an applicable exemption from the registration requirements under the Securities Act and applicable state securities laws in order to resell or otherwise transfer their Original Bonds.

Resale of Exchange Bonds

FPL has not requested, and does not intend to request, an interpretation by the staff of the SEC as to whether the Exchange Bonds issued pursuant to this exchange offer in exchange for the Original Bonds may be offered for resale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Instead, based on existing interpretations of the Securities Act by the staff of the SEC set forth in several no-action letters to third parties, and subject to the immediately following sentence, FPL believes that the Exchange Bonds to be issued pursuant to this exchange offer in exchange for Original Bonds may be offered for resale, resold and otherwise transferred by any holder of Exchange Bonds, other than holders who are broker-dealers, without further compliance with the registration and prospectus delivery requirements of the Securities Act. Any purchaser of the Original Bonds, however, who is an affiliate of FPL or who intends to participate in this exchange offer for the purpose of distributing the Exchange Bonds, or any participating broker-dealer who purchased the Original Bonds for its own account, other than as a result of market-making activities or other trading activities, to resell pursuant to Rule 144A or any other available exemption under the Securities Act

- will not be able to rely on the interpretations by the staff of the SEC set forth on the above-mentioned no-action letters;
- will not be able to tender its Original Bonds in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Exchange Bonds, unless the sale or transfer is made under an exemption from those requirements.

Because the SEC has not considered FPL's exchange offer in the context of a no-action letter, FPL cannot assure you that the staff of the SEC would make a similar determination with respect to the Exchange Bonds as it has in other interpretations to third parties. In the event that FPL's belief is not correct, holders of the Exchange Bonds who transfer Exchange Bonds in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration under the Securities Act may incur liability under the Securities Act. FPL will not assume or indemnify holders against any such liability.

Each broker-dealer that receives Exchange Bonds for its own account in exchange for Original Bonds, where the Original Bonds were acquired by such broker-dealer as a result of market-making activities or other trading activities, must agree to deliver a prospectus in connection with any resale of these Exchange Bonds. These broker-dealers may use this prospectus for this purpose. Each of these broker-dealers may be deemed to be an "underwriter" within the meaning of the Securities Act.

FPL has not entered into any arrangement or understanding with any person to distribute the Exchange Bonds to be received in this exchange offer.

The term "holder" with respect to this exchange offer means any person in whose name Original Bonds are registered on FPL's books, any other person who has obtained a properly completed assignment from the registered holder or any participant in The Depository Trust Company ("DTC") whose Original Bonds are held of record by DTC.

Any holder that is not able to make representations as to its non-affiliate and non-broker-dealer status or certain other representations set forth in the related letter of transmittal will not be entitled to participate in this exchange offer and, therefore, will not be permitted to exchange its Original Bonds for Exchange Bonds. See "Plan of Distribution."

This exchange offer is not being made to, nor will FPL accept tenders for exchange from, holders of Original Bonds in any jurisdiction in which this exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of that jurisdiction.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, FPL will accept any and all Original Bonds validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the date the exchange offer expires. Holders may tender their Original Bonds in whole or in part only in denominations of $1,000 and integral multiples of $1,000. For each Original Bond accepted for exchange, the holder of the Original Bond will receive an Exchange Bond having a principal amount equal to that of the surrendered Original Bond.

The form and terms of the Exchange Bonds will be substantially identical to the form and terms of the Original Bonds, except the Exchange Bonds:

(i) will be registered under the Securities Act;

(ii) will not bear legends restricting their transfer;

(iii) will bear a different CUSIP number; and

(iv) will not be entitled to the rights of holders of Original Bonds under the registration rights agreement, including additional interest.

The Exchange Bonds will evidence the same debt as the Original Bonds. The Exchange Bonds will be issued under and entitled to the benefits of the Mortgage, as defined below under "Description of the Exchange Bonds—General," under which the Original Bonds were issued such that the Exchange Bonds and the Original Bonds will be treated as a single series of first mortgage bonds under the Mortgage.

This exchange offer is not conditioned upon any minimum aggregate principal amount of Original Bonds being tendered for exchange. This prospectus and the letter of transmittal are being sent to all registered holders of outstanding Original Bonds. There will be no fixed record date for determining registered holders of Original Bonds entitled to participate in this exchange offer.

No interest will be paid in connection with this exchange offer. Interest on the Exchange Bonds will accrue from and including the last date on which interest has been paid on the Original Bonds, but, if no interest has been paid on such Original Bonds, then from the date of their original issue. Accordingly, the holders of Original Bonds that are accepted for exchange will not receive accrued but unpaid interest on those Original Bonds at the time of tender or exchange. Rather, any accrued and unpaid interest on those Original Bonds exchanged for Exchange Bonds will be paid on the Exchange Bonds on the first interest payment date after the expiration of the exchange offer, to holders of record of the Exchange Bonds as of the record date for payment of such interest See "Description of the Exchange Bonds—Interest and Payment," below.

FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Exchange Bonds from FPL.

If any tendered Original Bonds are not accepted for exchange because of an invalid tender or the occurrence of any of the conditions under "—Conditions to the Exchange Offer" below, the tendered Original Bonds will be returned, without expense, to the tendering holder thereof promptly after the expiration or termination of the exchange offer.

Expiration Date; Extensions; Termination; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on , , unless extended. If extended, "expiration date" shall refer to the latest date and time to which the exchange offer is extended.

FPL will notify the exchange agent of any extension of the current expiration date by oral notice, promptly confirmed in writing, or written notice and by timely public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously-scheduled expiration date.

FPL reserves the right, in its reasonable discretion,

- to delay accepting any Original Bonds subsequent to the expiration date only if the delay is in anticipation of receiving any necessary governmental approvals, to extend this exchange offer, or to terminate this exchange offer if any of the conditions set forth below under "—Conditions to the Exchange Offer" shall not have been satisfied, by giving oral notice, promptly confirmed in writing, or written notice of such delay, extension or termination to the exchange agent, or

- to amend the terms of this exchange offer in any manner.

Any such delay, extension, termination or amendment will be followed as promptly as practicable either by a press release or by oral notice, promptly confirmed in writing, or written notice thereof to the registered holders. If FPL amends this exchange offer in a manner that FPL determines, in its reasonable discretion, constitutes a material change, FPL will promptly disclose the material change by means of a prospectus supplement. FPL will distribute the prospectus supplement to the registered holders of Original Bonds, and will extend this exchange offer to the extent required by law.

Upon satisfaction or waiver of all the conditions to this exchange offer, FPL will accept, promptly after the expiration date, all Original Bonds validly tendered and not validly withdrawn and will promptly issue the Exchange Bonds after the expiration date. See "—Conditions to the Exchange Offer" below. For purposes of this exchange offer, FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice thereof to the exchange agent.

Original Bonds that are not accepted for exchange and Original Bonds to the extent they represent a greater principal amount than the tendering holder desires to exchange will be returned, without expense, to the tendering holder promptly after the expiration or termination of this exchange offer.

Procedures for Tendering Original Bonds

Valid Tender

Except as set forth below, in order for Original Bonds to be validly tendered pursuant to this exchange offer, either (i) (a) a properly completed and duly executed letter of transmittal (or facsimile thereof) or an electronic message agreeing to be bound by the letter of transmittal properly transmitted through DTC's Automated Tender Offer Program ("ATOP") for a book-entry transfer, with any required signature guarantees and any other required documents, must be received by the exchange agent at the address or the facsimile number set forth under "—Exchange Agent" below at or prior to 5:00 p.m., New York City time, on the expiration date and (b) tendered Original Bonds must be received by the exchange agent, or such Original Bonds must be tendered pursuant to the procedures for book-entry transfer set forth below and a book-entry confirmation must be received by the exchange agent, in each case at or prior to 5:00 p.m., New York City time, on the expiration date, or (ii) the guaranteed delivery procedures set forth below must be complied with.

If less than all of the Original Bonds are tendered, a tendering holder should fill in the amount of Original Bonds being tendered in the appropriate box on the letter of transmittal. The entire amount of Original Bonds delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

If any letter of transmittal, endorsement, bond power, power of attorney or any other document required by the letter of transmittal is signed by a trustee, executor, administrator, guardian, attorney-in fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing. Unless waived by FPL, evidence satisfactory to FPL of such person's authority to so act also must be submitted.

Any beneficial owner of Original Bonds that are held by or registered in the name of a broker, dealer, commercial bank, trust company or other nominee is urged to contact such entity promptly if such beneficial holder wishes to participate in this exchange offer.

The method of delivering Original Bonds, the letter of transmittal and all other required documents is at the option and sole risk of the tendering holder. Delivery will be deemed made only when actually received by the exchange agent. Instead of delivery by mail, it is recommended that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery and proper insurance should be obtained. No Original Bond, letter of transmittal or other required document should be sent to FPL. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect these transactions for them.

The tender by a holder that is not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date will constitute an agreement between the holder and FPL in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

Book-Entry Transfer

The exchange agent has established an account with respect to the Original Bonds at DTC for purposes of this exchange offer. The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC may utilize DTC's ATOP procedures to tender Original Bonds. Any participant in DTC may make book-entry delivery of Original Bonds by causing DTC to transfer the Original Bonds into the exchange agent's account in accordance with DTC's ATOP procedures for transfer.

However, the exchange for the Original Bonds so tendered will be made only after a book-entry confirmation of such book-entry transfer of Original Bonds into the exchange agent's account and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by DTC to and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant tendering Original Bonds that are the subject of the book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that FPL may enforce that agreement against the participant.

Delivery of documents to DTC does not constitute delivery to the exchange agent.

Signature Guarantees

Certificates for Original Bonds need not be endorsed and signature guarantees on a letter of transmittal or a notice of withdrawal, as the case may be, are unnecessary unless (i) a certificate for Original Bonds is registered in a name other than that of the person surrendering the certificate or (ii) a registered holder completes the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" in the letter of transmittal. In the case of (i) or (ii) above, such certificates for Original Bonds must be duly endorsed or accompanied by a properly executed bond power, with the endorsement or signature on the bond power and on the letter of transmittal or the notice of withdrawal, as the case may be, guaranteed by a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934 as an "eligible guarantor institution," including (as such terms are defined therein) (i) a bank, (ii) a broker, dealer, municipal securities broker or dealer or government securities broker or dealer, (iii) a credit union, (iv) a national securities exchange, registered securities association or clearing agency or (v) a savings association that is a participant in a Securities Transfer Association recognized program (each an "Eligible Institution"), unless an Original Bond is surrendered for the account of an Eligible Institution. See Instruction 2 to the letter of transmittal.

Guaranteed Delivery

If a holder desires to tender Original Bonds pursuant to this exchange offer and the certificates for such Original Bonds are not immediately available or time will not permit all required documents to reach the exchange

agent on or before the expiration date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Original Bonds may nevertheless be tendered, provided that all of the following guaranteed delivery procedures are complied with:

(i) such tenders are made by or through an Eligible Institution;

(ii) prior to the expiration date, the exchange agent receives from the Eligible Institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form accompanying the letter of transmittal, or an electronic message through ATOP with respect to guaranteed delivery for book-entry transfers, setting forth the name and address of the holder of Original Bonds and the amount of Original Bonds tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery, or transmission of such electronic message through ATOP for book-entry transfers, the certificates for all physically tendered Original Bonds, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by the letter of transmittal will be deposited by the Eligible Institution with the exchange agent; and

(iii) the certificates (or book-entry confirmation) representing all tendered Original Bonds, in proper form for transfer, together with a properly completed and duly executed letter of transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery or transmission of such electronic message through ATOP with respect to guaranteed delivery for book-entry transfers.

Determination of Validity

FPL will determine in its reasonable discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered Original Bonds. FPL's determination will be final and binding. FPL reserves the absolute right to reject any Original Bonds not validly tendered or any tendered Original Bonds the acceptance of which would, in the opinion of its counsel, be unlawful. FPL also reserves the right to waive any defects, irregularities or conditions of tender as to particular Original Bonds. FPL's interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of Original Bonds must be cured within the time that FPL determines. Although FPL intends to notify holders of defects or irregularities with respect to tenders of Original Bonds, neither FPL, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of Original Bonds will not be deemed made until those defects or irregularities have been cured or waived. Any Original Bonds received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer.

Withdrawal Rights

You may withdraw your tender of Original Bonds at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a computer generated notice of withdrawal, transmitted by DTC on behalf of the holder in accordance with the standard operating procedure of

DTC, or a written notice of withdrawal, sent by telegram, telex, facsimile transmission, or letter received before 5:00 p.m., New York City time, on the expiration date.

Any notice of withdrawal must:

(i) specify the name of the person that tendered the Original Bonds to be withdrawn;

(ii) identify the Original Bonds to be withdrawn, including the certificate number or numbers (if in certificated form) and principal amount of such Original Bonds;

(iii) include a statement that the holder is withdrawing its election to have the Original Bonds exchanged;

(iv) be signed by the holder in the same manner as the original signature on the letter of transmittal by which the Original Bonds were tendered or as otherwise described above, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee under the Mortgage register the transfer of the Original Bonds into the name of the person withdrawing the tender; and

(v) specify the name in which any of the Original Bonds are to be registered, if different from that of the person that tendered the Original Bonds.

The exchange agent will return the properly withdrawn Original Bonds promptly following receipt of a notice of withdrawal. If Original Bonds have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Original Bonds or otherwise comply with DTC's procedures.

Any Original Bonds withdrawn will not have been validly tendered for exchange for purposes of this exchange offer. Any Original Bonds that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer. In the case of Original Bonds tendered by book-entry transfer into the exchange agent's account at DTC pursuant to its book-entry transfer procedures, the Original Bonds will be credited to an account with DTC specified by the holder, as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer. Properly withdrawn Original Bonds may be retendered by following one of the procedures described under "—Procedures for Tendering Original Bonds" above at any time on or before the expiration date.

Acceptance of Original Bonds for Exchange; Delivery of Exchange Bonds

Upon satisfaction or waiver of all of the conditions to this exchange offer, FPL will accept, promptly after the exchange date, all Original Bonds validly tendered and will issue the Exchange Bonds promptly after the acceptance. See "—Conditions to the Exchange Offer" below. For purposes of this exchange offer, FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice to the exchange agent.

For each Original Bond accepted for exchange, the holder of the Original Bond will receive an Exchange Bond having a principal amount at maturity equal to that of the surrendered Original Bond. The Exchange Bonds will be delivered on the earliest practicable date following the exchange date.

In all cases, delivery of Exchange Bonds in exchange for Original Bonds tendered and accepted for exchange pursuant to this exchange offer will be made only after timely receipt by the exchange agent of:

(i) Original Bonds or a book-entry confirmation of a book-entry transfer of Original Bonds into the exchange agent's account at DTC;

(ii) a properly completed and duly executed letter of transmittal or an electronic message agreeing to be bound by the letter of transmittal properly transmitted through ATOP with any required signature guarantees; and

(iii) any other documents required by the letter of transmittal.

Conditions to the Exchange Offer

FPL is required to accept for exchange, and to issue Exchange Bonds in exchange for, any Original Bonds duly tendered and not validly withdrawn pursuant to this exchange offer and in accordance with the terms of this prospectus and the accompanying letter of transmittal.

FPL will not be required to accept for exchange, or to issue Exchange Bonds in exchange for, any Original Bonds, if:

- this exchange offer, or the making of any exchange by a holder, would violate applicable law, regulation or any applicable interpretation of the staff of the SEC;

- the Original Bonds are not tendered in accordance with the terms of this exchange offer;

- the holder of Original Bonds exchanged in this exchange offer has not represented that all Exchange Bonds to be received by it shall be acquired in the ordinary course of its business, that it is not an affiliate of FPL and that at the time of the consummation of this exchange offer it shall have no arrangement or understanding with any person to participate in any distribution (within the meaning of the Securities Act) of the Exchange Bonds and shall not have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of the registration statement of which this prospectus is a part available; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to this exchange offer that, in FPL's judgment, would reasonably be expected to impair FPL's ability to proceed with this exchange offer.

In addition, FPL will not be obligated to accept for exchange the Original Bonds of any holder who has not made to FPL the representations described under "The Exchange Offer—Resale of Exchange Bonds" and "Plan of Distribution."

If FPL determines in its reasonable discretion that any of the above conditions exist, FPL may:

- refuse to accept any tendered Original Bonds to which the above conditions apply and promptly return all such previously tendered Original Bonds to the tendering holders;

- extend this exchange offer and retain all Original Bonds tendered prior to the expiration date, subject, however, to the rights of holders who tendered the Original Bonds to withdraw their tendered Original Bonds; or

- waive the unsatisfied conditions with respect to this exchange offer and accept all validly tendered Original Bonds which have not been validly withdrawn. If the waiver constitutes a material change to this exchange offer, FPL will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders, and FPL will extend this exchange offer to the extent required by law.

Exchange Bonds will only be issued after the exchange agent timely receives (1) a properly completed and duly executed letter of transmittal (or facsimile or an agent's message in lieu thereof) and (2) all other required documents. FPL reserves the absolute right to waive any defects or irregularities in the tender or conditions of this

exchange offer; however, FPL will not waive any condition with respect to an individual holder unless FPL waives the condition for all holders.

In addition, FPL will not accept for exchange any Original Bonds tendered, and no Exchange Bonds will be issued in exchange for those Original Bonds, if at such time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the Mortgage under the Trust Indenture Act of 1939. In any of those events FPL is required to use every reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

Exchange Agent

FPL has appointed Deutsche Bank Trust Company Americas as the exchange agent for this exchange offer. You should direct questions and requests for assistance, in each case, with respect to exchange offer procedures, requests for additional copies of this prospectus or of the letter of transmittal, requests for the notice of guaranteed delivery with respect to the exchange of the Original Bonds, and deliver all executed letters of transmittal, to the exchange agent at the addresses listed below:

By Hand or Overnight Delivery:	**By Registered or Certified Mail:**
DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit 648 Grassmere Park Road Nashville, TN 37211	DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit P.O. Box 292737 Nashville, TN 37229-2737
By Facsimile Transmission:	**For Information:**
(615) 835-3701 to confirm by telephone (800) 735-7777	(800) 735-7777 or SPU-Reorg.Operations@db.com

Delivery to an address other than as listed above, or transmissions to a facsimile number other than as listed above, will not constitute a valid delivery.

Deutsche Bank Trust Company Americas is the trustee under the Mortgage governing the Original Bonds and the Exchange Bonds.

Solicitation of Tenders; Fees and Expenses

FPL will pay the expenses of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by telecopier, telephone or in person by officers and employees of FPL and of its affiliates.

FPL has not retained any dealer-manager in connection with this exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of this exchange offer. However, FPL will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with this exchange offer.

FPL will pay the estimated cash expenses to be incurred in connection with this exchange offer, including the following:

(i) fees and expenses of the exchange agent and the trustee;

(ii) SEC registration fees;

(iii) accounting and legal fees, including fees of one counsel for the holders of the Original Bonds; and

(iv) printing and mailing expenses.

Transfer Taxes

FPL will pay all transfer taxes, if any, applicable to the exchange of Original Bonds under this exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

(i) certificates representing Original Bonds for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Original Bonds tendered;

(ii) Exchange Bonds are to be delivered to, or issued in the name of, any person other than the registered holder of the Original Bonds tendered;

(iii) tendered Original Bonds are registered in the name of any person other than the person signing the letter of transmittal; or

(iv) a transfer tax is imposed for any reason other than the exchange of Original Bonds under this exchange offer.

If satisfactory evidence of payment of such transfer taxes is not submitted with the letter of transmittal, the amount of any transfer taxes will be billed to the tendering holder.

Accounting Treatment

FPL will record the Exchange Bonds at the same carrying value as the Original Bonds for which they are exchanged, which is the aggregate principal amount of the tendered Original Bonds as reflected in FPL's accounting records on the date this exchange offer is completed. Accordingly, FPL will not recognize any gain or loss for accounting purposes upon the exchange of Exchange Bonds for Original Bonds. FPL will amortize the expenses incurred in connection with the issuance of the Exchange Bonds over the term of the Exchange Bonds.

Appraisal or Dissenters' Rights

Holders of the Original Bonds will not have appraisal or dissenters' rights in connection with this exchange offer.

Miscellaneous

FPL reserves the right in its sole discretion to purchase or make offers for any Original Bonds that remain outstanding subsequent to the expiration date or, as set forth above under "—Conditions to the Exchange Offer," to terminate this exchange offer and, to the extent permitted by applicable law, purchase Remaining Original Bonds in the open market, in privately negotiated transactions or otherwise. The terms of these purchases or offers could differ from the terms of this exchange offer.

Consequences of Failure to Exchange

If you do not exchange your Original Bonds for Exchange Bonds pursuant to this exchange offer, you will continue to be subject to the restrictions on transfer of the Original Bonds as described in the legend on the Original Bonds. In general, the Original Bonds may be offered or sold only if registered under the Securities Act, except

pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Your participation in this exchange offer is voluntary, and you should carefully consider whether to participate. FPL urges you to consult your financial and tax advisors in making a decision whether or not to tender your Original Bonds. Please see "Material United States Federal Income Tax Consequences" below.

As a result of the making of, and upon acceptance for exchange of all validly tendered Original Bonds pursuant to the terms of, this exchange offer, FPL will have fulfilled a covenant contained in the registration rights agreement. If you do not tender your Original Bonds in this exchange offer, you will be entitled to all of the rights and limitations applicable to the Original Bonds under the Mortgage, except for any rights under the Mortgage or the registration rights agreement that by their terms end or cease to have further effectiveness as a result of the making of this exchange offer, including the right to require FPL to register your Original Bonds or pay additional interest. To the extent that Original Bonds are tendered and accepted in this exchange offer, the trading market for untendered, or tendered but unaccepted, Original Bonds could be adversely affected. Please see "Risk Factors" above.

FPL may in the future seek to acquire Remaining Original Bonds in open market or privately negotiated transactions through subsequent exchange offers or otherwise. However, FPL has no present plans to acquire any Original Bonds that are not tendered in this exchange offer or to file a registration statement to permit resales of any Remaining Original Bonds.

Holders of Original Bonds that remain outstanding after consummation of this exchange offer will vote together with any issued Exchange Bonds as a single series for purposes of determining whether holders of the requisite percentage thereof have taken certain actions or exercised certain rights under the Mortgage.

DESCRIPTION OF THE EXCHANGE BONDS

General. FPL will issue up to $300,000,000 aggregate principal amount of the Exchange Bonds in exchange for the same aggregate principal amount of the Original Bonds. The Exchange Bonds and the Original Bonds will constitute a single series of first mortgage bonds issued under FPL's Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, as Trustee, which has been amended and supplemented in the past and may be supplemented prior to this exchange. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the Original Bonds and the Exchange Bonds, are referred to herein as "First Mortgage Bonds." The One Hundred Tenth Supplemental Indenture, dated as of April 1, 2006, supplements the Mortgage and establishes the specific terms of the Original Bonds and the Exchange Bonds.

This section briefly summarizes some of the terms of the Exchange Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in the prospectus but that are defined in the Mortgage. This summary is not complete. You should read this summary together with the Mortgage and the supplemental indenture establishing the Exchange Bonds for a complete understanding of all the provisions. The Mortgage and the supplemental indenture have been previously filed with the SEC, and are exhibits to the exchange offer registration statement filed with the SEC of which this prospectus is a part. In addition, the Mortgage is qualified as an indenture under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

The Exchange Bonds will be identical in all material respects to the Original Bonds, except that the registration rights and related additional interest provisions and transfer restrictions applicable to the Original Bonds are not applicable to the Exchange Bonds. The Exchange Bonds will be of the same series as the Original Bonds and will be considered a single series (along with any Remaining Original Bonds) for the purposes of any acts of holders such as voting and consents under the Mortgage. To the extent any Original Bonds are not exchanged for Exchange Bonds, those Remaining Original Bonds will remain outstanding and will rank pari passu with the Exchange Bonds. The Remaining Original Bonds will continue to be subject to restrictions on their transfer in accordance with the Securities Act. After the expiration of this exchange offer, holders of the Remaining Original Bonds will not have any further rights to have those bonds registered under the Securities Act, except in the limited

circumstances described in the next sentence. The only holders that will have further registration rights are broker-dealers and holders, other than broker-dealers, (i) that were not permitted by applicable law or interpretations of the staff of the SEC to participate in the exchange offer or (ii) that participated in the exchange offer but do not receive freely tradeable Exchange Bonds on the date of the exchange. After this exchange offer, holders of the Remaining Original Bonds will not have any rights to additional interest on such Remaining Original Bonds. See "The Exchange Offer—Purpose of the Exchange Offer" for a description of additional interest.

Interest and Payment. FPL will pay interest semi-annually on the Exchange Bonds at 6.20% per year. The Exchange Bonds will mature on June 1, 2036. FPL will pay interest on the Exchange Bonds on June 1 and December 1 of each year (each an "Interest Payment Date"). The record date for interest payable on any Interest Payment Date on the Exchange Bonds shall be the close of business (1) on the business day immediately preceding such Interest Payment Date so long as the Exchange Bonds remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date if the Exchange Bonds do not remain in book-entry only form. See "—Book-Entry Only Issuance."

No interest will be paid in connection with this exchange offer. Interest on the Exchange Bonds will start accruing from and including the last date on which interest has been paid on the Original Bonds, but, if no interest has been paid on such Original Bonds, then from the date of their original issue. Accordingly, the holders of the Original Bonds that are accepted for exchange will not receive accrued but unpaid interest on those Original Bonds at the time of tender or exchange. Rather, any accrued and unpaid interest on those Original Bonds exchanged for Exchange Bonds will be paid on the Exchange Bonds on the first Interest Payment Date after the expiration of the exchange offer. Starting on the first Interest Payment Date after the expiration of the exchange offer, interest on each Exchange 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 Exchange Bond to but excluding the next succeeding Interest Payment Date. No interest will accrue on an Exchange Bond for the day that the Exchange 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 Exchange Bonds at the rate of 6% per year.

The Exchange Bonds will be issued only in denominations of $1,000 and in integral multiples of $1,000. The principal of and interest on the Exchange Bonds will be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York. So long as the Exchange Bonds are solely registered in the name of Cede & Co., as nominee for DTC, FPL will make principal and interest payments to Cede & Co. Disbursement of such payments to the beneficial owners of the Exchange Bonds is the responsibility of DTC, DTC participants and indirect participants in DTC, all as described below under "—Book-Entry Only Issuance."

Redemption. FPL may redeem any of the Exchange Bonds at its option or if and when required by the Mortgage. FPL may redeem any of the Exchange 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 Exchange Bonds at least 30 days prior to a Redemption Date. If FPL redeems all or any part of the Exchange Bonds, it will pay a redemption price ("Redemption Price") equal to the sum of:

(1) 100% of the principal amount of the Exchange 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 Exchange Bonds will never be less than 100% of the principal amount of those Exchange Bonds plus accrued and unpaid interest on those Exchange Bonds to the Redemption Date.

The amount of the make-whole premium with respect to any Exchange 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 Exchange 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 Exchange Bonds being redeemed; over

(2) the principal amount of the Exchange 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.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 as an "Independent Investment Banker."

For purposes of determining the make-whole premium, "Treasury Yield" means a rate of interest per year 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 Exchange 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 Exchange Bonds, the Trustee will select the particular Exchange Bonds to be redeemed by proration among registered holders of the Exchange Bonds and the Remaining Original Bonds or, in some cases, by such other method that it deems proper as provided in the Mortgage. However, if the Exchange Bonds are solely registered in the name of Cede & Co. and

traded through DTC, then DTC will select the Exchange Bonds to be redeemed in accordance with its practices as described below in "—Book-Entry Only Issuance."

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.

Special Provisions for Retirement of Exchange 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.

Security. The Mortgage secures the Exchange 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 Exchange Bonds.

Issuance of Additional First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage Bonds if the issuance is based on retired First Mortgage Bonds or Qualified Lien Bonds.

As of September 30, 2006, FPL could have issued under the Mortgage in excess of $6.1 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of $5.7 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 September 30, 2006, 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 Exchange 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. Since all of the First Mortgage Bonds issued on or prior to April 30, 1992 have matured or have been redeemed and are no longer outstanding under the Mortgage, FPL may exercise this right to amend the Mortgage at any time.

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.

Book-Entry Only Issuance. The Exchange Bonds will trade through DTC. The Exchange Bonds will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee.

Upon issuance of the global securities, DTC or its nominee will credit, on its book-entry registration and transfer system, the respective principal amount of Exchange Bonds represented by such global securities to the account of institutions that have an account with DTC or its participants. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants.

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 the post-trade settlement of securities transactions among its participants through electronic computerized book-entry transfers and pledges 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 organizations. 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 SEC.

Purchases of the Exchange Bonds within the DTC system must be made through participants, which will receive a credit for the Exchange Bonds on DTC's records. The beneficial ownership interest of each purchaser will be recorded on the appropriate participant's 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 Exchange Bonds. Transfers of ownership in the Exchange Bonds are to be accomplished by entries made on the books of the participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates for their Exchange Bonds, except if use of the book-entry system for the Exchange Bonds is discontinued.

To facilitate subsequent transfers, all Exchange Bonds deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the Exchange 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 Exchange Bonds. DTC's records reflect only the identity of the participants to whose accounts such Exchange 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 Exchange Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Exchange Bonds, such as redemptions, tenders, defaults and proposed amendments to the Exchange Bonds. Beneficial owners of the Exchange Bonds may wish to ascertain that the nominee holding the Exchange Bonds has agreed to obtain and transmit notices to the beneficial owners.

Redemption notices will be sent to Cede & Co., as registered holder of the Exchange Bonds. If less than all of the Exchange Bonds are being redeemed, DTC's practice is to determine by lot the amount of Exchange Bonds of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Exchange Bonds, unless authorized by a participant in accordance with DTC's procedures. 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 Exchange 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 Exchange Bonds.

Payments of redemption proceeds, principal of, and interest on the Exchange 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

upon DTC's receipt of funds and corresponding detail information from FPL or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. 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 (the Trustee under the Mortgage) or FPL, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 or a prospectus supplement, a beneficial owner will not be entitled to receive physical delivery of the Exchange Bonds. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Exchange Bonds.

DTC may discontinue providing its services as securities depositary with respect to the Exchange Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depositary is obtained, certificates for the Exchange Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depositary. Additionally, subject to the procedures of DTC, FPL may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary) with respect to some or all of the Exchange Bonds. In that event, certificates for the Exchange Bonds will be printed and delivered. If certificates for the Exchange Bonds are printed and delivered,

- the Exchange Bonds will be issued in fully registered form without coupons;
- a holder of certificated Exchange Bonds would be able to exchange those Exchange Bonds, without charge, for an equal aggregate principal amount of Exchange Bonds of the same series, having the same issue date and with identical terms and provisions; and
- a holder of certificated Exchange Bonds would be able to transfer those Exchange Bonds without cost to the holder, other than for applicable stamp taxes or other governmental charges.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that FPL believes to be reliable. FPL does not take responsibility for the accuracy of this information.

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

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain of the material United States federal income tax consequences of exchanging Original Bonds for Exchange Bonds and of the ownership and disposition of the Exchange Bonds as of the date of this prospectus. Thelen Reid & Priest LLP, FPL's counsel, is of the opinion that, insofar as it relates to matters of law or legal conclusions, the following summary is accurate in all material respects. This summary is limited to Exchange Bonds held as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not deal with special situations, such as those of dealers or traders in securities or currencies, banks, financial institutions, tax-exempt organizations, life insurance companies, real estate investment trusts, regulated investment companies, persons holding Exchange Bonds as a part of a hedging or conversion transaction or a straddle, persons who mark to market their securities, persons whose functional currency is not the United States dollar or former United States citizens or long-term residents who are subject to special rules on account of their loss of United Stated citizenship or resident alien status. In addition, this discussion does not address the tax consequences to persons who purchased Original Bonds other than pursuant to their initial issuance and distribution, and who acquire Exchange Bonds other than in this exchange offer for cash at their original issue price. It also does not include any description of any alternative minimum tax consequences or the tax laws of any state, local or foreign jurisdiction.

The discussion below is based upon the provisions of the Internal Revenue Code, Treasury Regulations promulgated under the Internal Revenue Code, and administrative rulings and judicial decisions under the Internal Revenue Code as of the date of this prospectus, all of which may be repealed, revoked or modified at any time, with either forward-looking or retroactive effect, so as to result in United States federal income tax consequences different from those discussed below.

Prospective holders of Exchange Bonds are advised to consult with their tax advisors as to the United States federal income tax consequences of the ownership and disposition of Exchange Bonds in light of their particular circumstances, as well as the effect of any state, local or other tax laws.

As used in this discussion, a "United States Holder" means a beneficial owner of an Original Bond or an Exchange Bond that is (i) a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for United States federal income tax purposes created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust, the administration of which is subject to the primary supervision of a court within the United States and for which one or more United States persons have the authority to control all substantial decisions. If a partnership or other entity treated as a partnership for United States federal income tax purposes holds an Original Bond or an Exchange Bond, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any such partner should consult its tax advisor as to the tax consequences. As used in this discussion, the term "Non-United States Holder" means a beneficial owner of an Original Bond or an Exchange Bond that is not a United States Holder or a partnership for United States federal income tax purposes.

Exchange of Original Bonds for Exchange Bonds

An exchange of Original Bonds for Exchange Bonds in this exchange offer will not constitute a taxable exchange of the bonds for United States federal income tax purposes. Rather, the Exchange Bonds will be treated as a continuation of the Original Bonds. As a result, a holder will not recognize any income, gain or loss for United States federal income tax purposes upon the exchange of Original Bonds for Exchange Bonds, and the holder will have the same tax basis and holding period in the holder's Exchange Bonds as the holder had in the Original Bonds immediately before the exchange.

United States Holders

Payments of Interest

Stated interest on an Exchange Bond will be taxable to a United States Holder as ordinary income at the time it is paid or accrued in accordance with the holder's method of accounting for United States federal tax purposes.

Sale, Exchange and Retirement of the Exchange Bonds

Upon the sale, exchange or retirement of Exchange Bonds, including a deemed disposition for United States federal income tax purposes, a United States Holder generally will recognize gain or loss equal to the difference between (i) the amount realized upon the sale, exchange or retirement (other than amounts attributable to accrued but unpaid interest which are treated as interest, as described above), and (ii) the holder's adjusted tax basis in the Exchange Bonds. The holder's adjusted tax basis in the Exchange Bonds will be, in general, its initial purchase price for the Original Bonds it is exchanging. The gain or loss upon the sale, exchange or retirement of the Exchange Bonds will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement, the Exchange Bonds are treated as having been held for more than one year. Under current law, the deductibility of capital losses is subject to limitations. Under current law, long term capital gain of a non-corporate United States Holder is generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. A United States Holder who sells the Exchange Bonds at a loss that meets certain thresholds may be required to file a disclosure statement with the IRS.

Non-United States Holders

Non-United States Holders Not Engaged in a Trade of Business Within the United States

Payments of Interest

Except as described in the following paragraph and subject to the discussion of backup withholding below, a Non-United States Holder will not be subject to federal income tax on interest received on the Exchange Bonds if the interest is not effectively connected with a trade or business that the non-United States Holder conducts within the United States. To obtain this tax-free treatment, the holder or a financial institution acting on behalf of the holder must file a statement with FPL or FPL's paying agent confirming that the holder is the beneficial owner of the Exchange Bonds and is not a United States person. The holder should make the statement on IRS Form W-8BEN, which requires the holder to certify, under penalties of perjury, the holder's name, address and status as a non-United States person. Alternatively, a financial institution holding the Exchange Bonds on behalf of the holder may file a statement confirming the holder's status as a non-United States person if the financial institution is in possession of documentary evidence of the non-United States status, as prescribed in the Treasury Regulations. However, if FPL has actual knowledge or reason to know that the beneficial owner of the Exchange Bonds is a United States Holder, FPL must disregard any certificate or statement to the contrary and withhold federal income tax.

The exemption described above is not available to a Non-United States Holder that (a) fails to provide the documentation required by the above paragraph, (b) owns 10% or more of FPL's stock, either actually or by application of constructive ownership rules, or (c) is a controlled foreign corporation related to FPL through stock ownership. FPL will withhold federal income tax at the rate of 30% or lower treaty rate, if applicable, in the case of interest payments to holders described in this paragraph.

Sale, Exchange and Retirement of the Exchange Bonds

A Non-United States Holder generally will not be subject to United States federal income tax with respect to gain recognized on a sale, exchange or retirement of an Exchange Bond, including a deemed disposition for United States federal income tax purposes, unless (1) the gain is effectively connected with the Non-United States Holder's trade or business in the United States (discussed below); or (2) in the case of a Non-United States Holder who is an individual and holds the Exchange Bond as a capital asset, the holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met. However, any amount attributable to accrued but unpaid interest on the Exchange Bond will be treated in the same manner as payments of interest on the Exchange Bond made to the Non-United States Holder, as described above.

Non-United States Holders Engaged in a Trade of Business Within the United States

Payments of Interest

Interest paid on an Exchange Bond that is effectively connected with the conduct by a Non-United States Holder of a trade or business in the United States is generally taxed at the graduated rates that are applicable to United States persons. In the case of a Non-United States Holder that is a corporation, effectively connected earnings and profits, which may include effectively connected interest received on the Exchange Bonds, that are not currently distributed may also be subject to the United States federal branch profits tax at a 30% rate, unless the tax is reduced or eliminated by an applicable income tax treaty. FPL will not withhold United States federal income tax on interest paid on an Exchange Bond to a Non-United States Holder if the holder furnishes FPL with IRS Form W-8ECI establishing that the interest is effectively connected. If a Non-United States Holder engaged in a trade or business within the United States receives interest that is not effectively connected with the trade or business, the interest will be taxed in the manner described above in the case of Non-United States Holders who are not engaged in a trade or business within the United States.

Sale, Exchange or Retirement of the Exchange Bonds

Gain derived by a Non-United States Holder from the sale or other disposition (including a deemed disposition for United States federal income tax purposes) of an Exchange Bond that is effectively connected with the conduct by the holder of a trade or business in the United States is generally taxed at the graduated rates that are applicable to United States persons. In the case of a Non-United States Holder that is a corporation, effectively connected income may also be subject to the United States federal branch profits tax.

Information Reporting and Backup Withholding

Payments to United States Holders of interest on, and the proceeds from the sale, retirement or other disposition of Exchange Bonds are subject to information reporting unless the holder establishes an exemption.

Payments to United States Holders of interest on, or the proceeds from the sale, retirement, or other disposition of the Exchange Bonds may be subject to "backup withholding" tax at the applicable rate (currently 28%) if (a) the holder fails to certify his or her correct social security number or other taxpayer identification number ("TIN") to the payor responsible for backup withholding (for example, the Holder's securities broker) on IRS Form W-9 or a substantially similar form signed under penalty of perjury, or (b) the Internal Revenue Service notifies the payor that the holder is subject to backup withholding due to the holder's failure to properly report interest and dividends on his or her tax return.

Backup withholding does not apply to interest payments made to exempt recipients, such as corporations.

Non-United States Holders will be subject to backup withholding and information reporting with respect to payments of principal or interest on the Exchange Bonds unless (i) the holder provides a properly completed and signed IRS Form W-8BEN (or acceptable substitute) and the payor does not have actual knowledge or reason to know that the form is incorrect, or (ii) the beneficial owner otherwise establishes an exemption.

In addition, Non-United States Holders generally will not be subject to information reporting or backup withholding with respect to payments of principal or interest on the Exchange Bonds paid or collected by a foreign office of a custodian, nominee or other foreign agent on behalf of the holder, or with respect to the payment of the proceeds of the sale of Exchange Bonds to the holder by a foreign office of a broker. If, however, the foreign office acting for a Non-United States Holder is an office of a United States person, a controlled foreign corporation or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a United States trade or business, or a foreign partnership with certain connections to the United States, payments of principal, interest or proceeds will be subject to information reporting unless (i) the custodian, nominee, agent or broker has documentary evidence that the beneficial owner is not a United States person and certain other conditions are met, or (ii) the beneficial owner otherwise establishes an exemption. Payments that are subject to information reporting as described in the preceding sentence will not be subject to backup withholding unless the payor has actual knowledge or reason to know that the payee is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit or a refund against the holder's United States federal income tax liability, if certain required information is provided to the Internal Revenue Service.

PLAN OF DISTRIBUTION

As discussed under "The Exchange Offer," based on an interpretation of the staff of the SEC, FPL believes that the Exchange Bonds issued pursuant to this exchange offer may be offered for resale and resold or otherwise transferred by a holder of such Exchange Bonds, other than any such holder which is an "affiliate" of FPL within the meaning of Rule 405 under the Securities Act and except as otherwise discussed below with respect to holders that are broker-dealers, without further compliance with the registration and prospectus delivery requirements of the Securities Act so long as such Exchange Bonds are acquired in the ordinary course of the holder's business and the holder has no arrangement or understanding with any person to participate in the distribution, within the meaning of the Securities Act, of that holder's Exchange Bonds.

Each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Bonds. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds where those Original Bonds were acquired as a result of market-making activities or other trading activities. FPL has agreed that, for a period of 90 days after the consummation of this exchange offer, FPL will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

FPL will not receive any proceeds from the issuance of Exchange Bonds. Exchange Bonds received by broker-dealers for their own account pursuant to this exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Bonds or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Bonds. Any broker-dealer that resells Exchange Bonds that were received by it for its own account as a result of market-making activities or other trading activities pursuant to this exchange offer and any broker-dealer that participates in a distribution of any such Exchange Bonds may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Bonds and any commissions or concessions received by any such persons may be deemed to be "underwriting compensation" under the Securities Act. Such broker-dealer must therefore deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Bonds received by such broker-dealer in the exchange offer. The accompanying letter of transmittal states that a broker-dealer, by acknowledging that it will deliver and by delivering a prospectus, will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the consummation of this exchange offer, FPL will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. FPL has agreed with the initial purchasers of the Original Bonds to pay expenses incident to this exchange offer, including the expenses of one counsel for the holders of the Original Bonds, other than commissions or commissions of any brokers or dealers and will indemnify the holders of the Original Bonds (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act, as set forth in the registration rights agreement.

By acceptance of this exchange offer, each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer agrees that, upon receipt of notice from FPL of the happening of any event which makes any statement in this prospectus untrue in any material respect or requires the making of any changes in this prospectus in order to make the statements therein not misleading, which notice FPL agrees to deliver promptly to such broker-dealer, such broker-dealer will suspend use of this prospectus until FPL has amended or supplemented this prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented prospectus to such broker-dealer.

The interpretation of the staff of the SEC referred to in the first paragraph of this section does not apply to, and this prospectus may not be used in connection with, the resale by any broker-dealer of any Exchange Bonds received in exchange for an unsold allotment of Original Bonds purchased directly from FPL.

There is currently no established trading market for the Exchange Bonds, and there is no assurance that a market will develop since FPL does not intend to apply for listing of the Exchange Bonds on any securities exchange or to arrange for the Exchange Bonds to be quoted on any automated quotation system. FPL cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, Exchange Bonds.

EXPERTS

The consolidated financial statements and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from Florida Power & Light Company's Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference,

and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

Squire, Sanders & Dempsey L.L.P., Miami, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Exchange Bonds for FPL. Thelen Reid & Priest LLP may rely as to all matters of Florida law upon the opinion of Squire, Sanders & Dempsey L.L.P. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Thelen Reid & Priest LLP.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. FPL has not authorized anyone else to provide you with additional or 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 or any prospectus supplement 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.

Florida Power & Light Company

OFFER TO EXCHANGE

$300,000,000
Registered First Mortgage Bonds,
6.20% Series due June 1, 2036
for any or all
Unregistered First Mortgage Bonds,
6.20% Series due June 1, 2036

PROSPECTUS

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Prospectus Delivery Obligation: Until , all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Section 607.0850 of the Florida Statutes generally permits the registrant to indemnify its directors, officers, employees or other agents who are subject to any third party actions because of their service to the registrant 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 the registrant. If the proceeding is a criminal one, such person must also have had no reasonable cause to believe his conduct was unlawful. In addition, the registrant 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 the registrant. 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 the registrant 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 registrant in a proceeding by or in the right of the registrant 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 a corporation 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 the corporation to procure a judgment in its favor or by or in the right of a shareholder, conscious disregard for the best interest of the corporation, or willful misconduct, or (v) in a proceeding by or in the right of someone other than the corporation 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.

The registrant's bylaws provide generally that the registrant shall, to the fullest extent permitted by law, indemnify all directors and officers of the registrant, directors, officers, or other employees serving as a fiduciary of an employee benefit plan of the registrant, as well as any employees or agents of the registrant or other persons serving at the request of the registrant in any capacity with any entity or enterprise other than the registrant to whom the registrant 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 Group, Inc. on behalf of the registrant 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 21. Exhibits and Financial Statement Schedules

(a) Exhibits

*3(i)a - Restated Articles of Incorporation of Florida Power & Light Company 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).

*3(i)b - Amendment to Florida Power & Light Company'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).

*3(i)c - Amendment to Florida Power & Light Company'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).

*3(i)d - Amendment to Florida Power & Light Company'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).

*3(i)e - Amendment to Florida Power & Light Company'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).

*3(i)f - Amendment to Florida Power & Light Company'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).

*3(i)g - Amendment to Florida Power & Light Company'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).

*3(i)h - Amendment to Florida Power & Light Company's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)j to Form 10-K for the year ended December 31, 2003, File No. 1-3545).

*3(i)j - Amendment to Florida Power & Light Company's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)k to Form 10-K for the year ended December 31, 2003, File No. 1-3545).

*3(i)k - Amendment to Florida Power & Light Company's Restated Articles of Incorporation dated February 11, 2005 (filed as Exhibit 3(i)m to Form 10-K for the year ended December 31, 2004, File No. 2-27612).

*3(ii) - Bylaws of Florida Power & Light Company dated May 11, 1992 (filed as Exhibit 3 to Form 8-K dated May 1, 1992, File No. 1-3545).

*4(a) - Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and ten Supplements thereto, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, 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; Exhibit 4(g) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172); Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612); Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275); Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02); and Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612.

*4(b) - Registration Rights Agreement dated April 24, 2006 relating to FPL's First Mortgage Bonds, 6.20% Series due June 1, 2036 (filed as Exhibit 4(c) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612).

5(a) - Opinion and Consent, dated November 17, 2006, of Squire, Sanders & Dempsey L.L.P., counsel to FPL.

5(b) - Opinion and Consent, dated November 17, 2006, of Thelen Reid & Priest LLP, counsel to FPL.

8 - Opinion, dated November 17, 2006, of Thelen Reid & Priest LLP, counsel to FPL, with respect to material United States federal tax matters (included in opinion attached hereto as Exhibit 5(b)).

*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).

*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).

*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).

*10(d) - Amendment #4 adopted October 13, 2005 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2005, File No. 1-8841).

*10(e) - 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).

*10(f) - FPL Group, Inc. Amended and Restated Long Term Incentive Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841).

*10(g) - Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement (filed as Exhibit 10(a) to Form 8-K dated December 29, 2004, File No. 1-8841).

*10(h) - Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement (filed as Exhibit 10(b) to Form 8-K dated December 29, 2004, File No. 1-8841).

*10(i) - Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement (filed as Exhibit 10 to Form 8-K dated January 28, 2005, File No. 1-8841).

*10(j) - Form of FPL Group, Inc. Amended and Restated Long Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(c) to Form 8-K dated December 29, 2004, File No. 1-8841).

*10(k) - Form of FPL Group, Inc. Amended and Restated Long Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(d) to Form 8-K dated December 29, 2004, File No. 1-8841).

*10(l) - Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Shareholder Value Award Agreement (filed as Exhibit 10(l) to Form 10-K for the year ended December 31, 2004, File No. 1-8841).

*10(m) - Form of 2004 Annual Incentive Plan (filed as Exhibit 10(h) to Form 10-K for the year ended December 31, 2003, File No. 1-8841).

*10(n) - Form of FPL Group, Inc. Annual Incentive Plan (filed as Exhibit 10(n) to Form 10-K for the year ended December 31, 2004, File No. 1-8841).

*10(o) - 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).

*10(p) - FPL Group Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841).

*10(q) - 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).

*10(r) - Form of Split Dollar Agreement between FPL Group and each of its executive officers who elect to participate, including provisions relating to Certain Officers (as of November 17, 2006 all executive officers participate except Moray P. Dewhurst, and "Certain Officers" include Armando J. Olivera and Antonio Rodriguez (filed as Exhibit 10(s) to Form 10-K for the year ended December 31, 2004, File No. 1-8841).

*10(s) - Form of Executive Retention Employment Agreement between FPL Group and each of Lewis Hay, III, 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).

*10(t) - 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).

*10(u) - Amendment to Executive Retention Employment Agreement between FPL Group and Armando J. Olivera, dated as of October 17, 2003 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2003, File No. 1-8841).

*10(v) - Form of Executive Retention Employment Agreement between FPL Group and each of Robert H. Escoto, Robert L. McGrath and Edward F. Tancer (filed as Exhibit 10(x) to Form 10-K for the year ended December 31, 2004, File No. 1-8841).

*10(w) - Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement dated as of June 17, 2002 by and between FPL Group, Inc. and Lewis Hay, III (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(x) - Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement dated as of June 10, 2002 by and between FPL Group, Inc. and Moray P. Dewhurst (filed as Exhibit 10(z) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(y) - Form of Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement between FPL Group, Inc. and each of Robert H. Escoto, Robert L. McGrath, Armando J. Olivera, James L. Robo, Antonio Rodriguez, John A. Stall, and Edward F. Tancer (filed as Exhibit 10(aa) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(z) - Employment Agreement between FPL Group, Inc. and Lewis Hay, III dated February 25, 2005 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2004, File No. 1-8841).

*10(aa) - Amendment dated as of December 15, 2005 to the Employment Agreement dated as of February 25, 2005 between FPL Group, Inc. and Lewis Hay, III (filed as Exhibit 10(cc) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(ab) - Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Deferred Stock Award Agreement (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(ac) - FPL Group, Inc. Employee Retention Bonus Plan (filed as Exhibit 10(ee) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*10(ad) - Form of FPL Group, Inc. Employee Retention Bonus Plan Agreement (filed as Exhibit 10(ff) to Form 10-K for the year ended December 31, 2005, File No. 1-8841).

*12(a) - Computation of Ratios (filed as Exhibit 12(b) to Form 10-K of FPL for the year ended December 31, 2005, File No. 2-27612 and Exhibit 12(b) to Form 10-Q of FPL for the quarter ended September 30, 2006, File No. 2-27612).

23(a) - Consent of Deloitte & Touche LLP, an independent registered public accounting firm.

23(b) - Consent of Squire, Sanders & Dempsey L.L.P. (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 page of this registration statement).

25 - Statement of Eligibility on Form T-1 of Deutsche Bank Trust Company Americas with respect to the Mortgage.

99(a) - Form of Letter of Transmittal.

99(b) - Form of Notice of Guaranteed Delivery.

99(c) - Form of Letter to Registered Holders and/or DTC Participants.

(b) Financial Statement Schedules.

None.

*Incorporated herein by reference as indicated.

Item 22. 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. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective 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.

(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 the purpose of determining liability under the Securities Act to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof,

provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, that in a primary offering of securities of the registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of the registrant or used or referred to by the registrant;

(iii) the portion of any other free writing prospectus relating to the offering containing material information about the registrant or its securities provided by or on behalf of the registrant; and

(iv) any other communication that is an offer in the offering made by the registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed 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.

(7) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(8) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrants pursuant to the provisions described under Item 20 of this registration statement, or otherwise, the registrants have 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 any registrant of expenses incurred or paid by a director, officer or controlling person of such 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 against which the claim is asserted 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, Florida Power & Light Company 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 17th day of November, 2006.

FLORIDA POWER & LIGHT COMPANY

By: _____
Armando J. Olivera
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)	November 17, 2006
_____ Moray P. Dewhurst	Senior Vice President, Finance and Chief Financial Officer and Director (Principal Financial Officer)	November 17, 2006
_____ K. Michael Davis	Vice President, Accounting, Controller and Chief Accounting Officer (Principal Accounting Officer)	November 17, 2006
_____ Armando J. Olivera	Director	November 17, 2006
_____ Antonio Rodriguez	Director	November 17, 2006
_____ John A. Stall	Director	November 17, 2006
_____ Edward F. Tancer	Director	November 17, 2006

Exhibit Index

5(a)	Opinion and Consent, dated November 17, 2006, of Squire, Sanders & Dempsey L.L.P., counsel to FPL.
5(b)	Opinion and Consent, dated November 17, 2006, of Thelen Reid & Priest LLP, counsel to FPL.
8	Opinion, dated November 17, 2006, of Thelen Reid & Priest LLP, counsel to FPL, with respect to material United States federal income tax matters (included in opinion attached hereto as Exhibit 5(b)).
23(a)	Consent of Deloitte & Touche LLP, an independent registered public accounting firm.
23(b)	Consent of Squire, Sanders & Dempsey L.L.P. (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 page of this registration statement).
25	Statement of Eligibility on Form T-1 of Deutsche Bank Trust Company Americas with respect to the Mortgage.
99(a)	Form of Letter of Transmittal.
99(b)	Form of Notice of Guaranteed Delivery.
99(c)	Form of Letter to Registered Holders and/or DTC Participants.

Exhibit 5(a)

SQUIRE, SANDERS & DEMPSEY L.L.P.
200 South Biscayne Boulevard Suite 4000
Miami, Florida 33131-2398
Office: +1.305.577.7000
Fax: +1.305.577.7001

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

November 17, 2006

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

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation ("FPL"), we have participated in the preparation of a registration statement on Form S-4 ("Registration Statement") to be filed on or about the date hereof with the Securities and Exchange Commission ("Commission") under the Securities Act of 1933, as amended ("Securities Act"), in connection with the proposed exchange ("Exchange Offer") by FPL, of any and all of FPL's outstanding unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Original Bonds") for an equal principal amount of FPL's registered First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Exchange Bonds"), all as contemplated in the Registration Statement. The Original Bonds were, and the Exchange Bonds will be, issued pursuant to the Mortgage and Deed of Trust dated as of January 1, 1944, as amended and supplemented ("Mortgage"), from FPL to Deutsche Bank Trust Company Americas, as Trustee. 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 upon the foregoing and assuming that (i) the applicable provisions of the Securities Act, the Trust Indenture Act of 1939, as amended, and the securities or "blue sky" laws of various states shall have been complied with, (ii) the applicable resolutions of the Board of Directors of FPL (or a duly appointed committee thereof) authorizing the Exchange Bonds will not have been modified or rescinded prior to the issuance thereof and (iii) the Exchange Bonds will be issued (x) upon the terms specified in the Registration Rights Agreement dated April 24, 2006 between FPL and representatives of the initial purchasers of the Original Bonds and (y) upon the authority contained in an order of the Florida Public Service Commission, we are of the opinion that when the Exchange Bonds have been duly executed, authenticated and delivered in exchange for an equal principal amount of Original Bonds in accordance with the terms of the Mortgage and on the terms and conditions contemplated by the Registration Statement, the prospectus contained therein or any applicable supplement thereto, Exchange Bonds will be valid, legal and binding obligations of FPL, 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.

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." In giving the foregoing consent, we do not

thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

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 authorized to rely upon this opinion as if it were addressed to it.

Very truly yours,

Squire, Sanders & Dempsey L.L.P.

SQUIRE, SANDERS & DEMPSEY L.L.P.

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

November 17, 2006

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

Ladies and Gentlemen:

As counsel for Florida Power & Light Company, a Florida corporation ("FPL"), we have participated in the preparation of a registration statement on Form S-4 ("Registration Statement") to be filed on or about the date hereof with the Securities and Exchange Commission ("Commission") under the Securities Act of 1933, as amended ("Securities Act"), in connection with the proposed exchange ("Exchange Offer") by FPL, of any and all of FPL's outstanding unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Original Bonds") for an equal principal amount of FPL's registered First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Exchange Bonds"), all as contemplated in the Registration Statement. The Original Bonds were, and the Exchange Bonds will be, issued pursuant to the Mortgage and Deed of Trust dated as of January 1, 1944, as amended and supplemented ("Mortgage"), from FPL to Deutsche Bank Trust Company Americas, as Trustee. 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 upon the foregoing and assuming that (i) the applicable provisions of the Securities Act, the Trust Indenture Act of 1939, as amended, and the securities or "blue sky" laws of various states shall have been complied with, (ii) the applicable resolutions of the Board of Directors of FPL (or a duly appointed committee thereof) authorizing the Exchange Bonds will not have been modified or rescinded prior to the issuance thereof and (iii) the Exchange Bonds will be issued (x) upon the terms specified in the Registration Rights Agreement dated April 24, 2006 between FPL and representatives of the initial purchasers of the Original Bonds and (y) upon the authority contained in an order of the Florida Public Service Commission, we are of the opinion that when the Exchange Bonds have been duly executed, authenticated and delivered in exchange for an equal principal amount of Original Bonds in accordance with the terms of the Mortgage and on the terms and conditions contemplated by the Registration Statement, the prospectus contained therein or any applicable supplement thereto, Exchange Bonds will be valid, legal and binding obligations of FPL, 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.

We are further of the opinion that, insofar as it relates to matters of law or legal conclusions, the summary contained in the Registration Statement of the material United States federal income tax consequences of exchanging the Original Bonds for the Exchange Bonds and

of the ownership and disposition of the Exchange Bonds is accurate in all material respects as of the date hereof.

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 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 Squire, Sanders & Dempsey L.L.P., Miami, Florida. As to all matters of New York law, Squire, Sanders & Dempsey L.L.P., 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

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-4 of our reports dated February 22, 2006, relating to the consolidated financial statements of Florida Power & Light Company, and management's report on the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 2005. We also consent to the reference to us under the headings "Selected Financial Data" and "Experts" in the Prospectus, which is part of this Registration Statement.

Deloitte & Touche LLP

Miami, Florida
November 17, 2006

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) [ ]

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly 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.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250-0677
(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, Florida 33408
(561) 694-4000

(Address and Zip Code of Principal Executive Offices)

First Mortgage Bonds, 6.20% Series due June 1, 2036
(Title of the 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

To the best of the Trustee's knowledge, the obligor is not in default under an Indenture for which the Trustee acts as Trustee.

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, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002. Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 33-102172.

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 April 15, 2002. Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 33-102172.

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 Deutsche Bank Trust Company Americas dated as of June 30, 2006. 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, Deutsche Bank Trust Company Americas, 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 17th day of November, 2006.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: _____
Annie Jaghatspanyan
Assistant Vice President

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank

NEW YORK
City

NY 10005-2858
State Zip Code

FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for June 30, 2006

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCFD	Thousands	
ASSETS					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	2,408,000	1.a
b. Interest-bearing balances (2)			0071	250,000	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	1,552,000	2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON		
a. Federal funds sold in domestic offices			B987	257,000	3.a
			RCFD		
b. Securities purchased under agreements to resell (3)			B989	245,000	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	832,000	4.a
b. Loans and leases, net of unearned income	B528	7,060,000			4.b
c. LESS: Allowance for loan and lease losses	3123	100,000			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	6,960,000	4.d
5. Trading assets (from Schedule RC-D)			3545	18,661,000	5
6. Premises and fixed assets (including capitalized leases)			2145	153,000	6
7. Other real estate owned (from Schedule RC-M)			2150	1,000	7
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)			2130	8,000	8
9. Not applicable					
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	47,000	10.b
11. Other assets (from Schedule RC-F)			2160	5,375,000	11
12. Total assets (sum of items 1 through 11)			2170	36,549,000	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

				Dollar Amounts in Thousands	Bil | Mil | Thou	
LIABILITIES						
13. Deposits:						
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)				RCON 2200	11,181,000	13.a
(1) Noninterest-bearing (1)	6631	3,048,000				13.a.1
(2) Interest-bearing	6636	8,133,000				13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)				RCFN 2200	7,260,000	13.b
(1) Noninterest-bearing	6631	1,824,000				13.b.1
(2) Interest-bearing	6636	5,436,000				13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:						
a. Federal funds purchased in domestic offices (2)				RCON B993	5,249,000	14.a
b. Securities sold under agreements to repurchase (3)				RCFD B995	0	14.b
15. Trading liabilities (from Schedule RC-D)				3548	427,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)				3190	738,000	16
17. and 18. Not applicable						
19. Subordinated notes and debentures(4)				3200	8,000	19
20. Other liabilities (from Schedule RC-G)				2930	3,197,000	20
21. Total liabilities (sum of items 13 through 20)				2948	28,060,000	21
22. Minority interest in consolidated subsidiaries				3000	437,000	22
EQUITY CAPITAL						
23. Perpetual preferred stock and related surplus				3838	1,500,000	23
24. Common stock				3230	2,127,000	24
25. Surplus (exclude all surplus related to preferred stock)				3839	584,000	25
26. a. Retained earnings				3632	3,833,000	26.a
b. Accumulated other comprehensive income (5)				B530	8,000	26.b
27. Other equity capital components (6)				A130	0	27
28. Total equity capital (sum of items 23 through 27)				3210	8,052,000	28
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)				3300	36,549,000	29

Memorandum

To be reported with the March Report of Condition.

	RCFD	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 2005	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 certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm
4 = 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)
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.
(2) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
(3) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.
(4) Includes limited-life preferred stock and related surplus.
(5) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.
(6) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 99(a)

FLORIDA POWER & LIGHT COMPANY

LETTER OF TRANSMITTAL

Offer to Exchange
Registered First Mortgage Bonds, 6.20% Series due June 1, 2036
for any and all
Unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036

Pursuant to the Prospectus dated ,

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , , UNLESS EXTENDED. TENDERS MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

The Exchange Agent for the Exchange Offer is:

Deutsche Bank Trust Company Americas

By Hand or Overnight Delivery:	**By Registered or Certified Mail:**
DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit 648 Grassmere Park Road Nashville, TN 37211	DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit P.O. Box 292737 Nashville, TN 37229-2737
By Facsimile Transmission:	**For Information:**
(615) 835-3701 to confirm by telephone (800) 735-7777	(800) 735-7777 or SPU-Reorg.Operations@db.com

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS LISTED ABOVE, OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL TO A FACSIMILE NUMBER OTHER THAN AS LISTED ABOVE, SHALL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED AND SIGNED.

Capitalized terms used but not defined herein shall have the same meanings given to them in the Prospectus (as defined below).

This Letter of Transmittal is to be completed either if (a) certificates are to be forwarded herewith or (b) tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth under "The Exchange Offer—Procedures For Tendering Original Bonds" in the Prospectus and an Agent's Message (as defined below) is not delivered. Certificates, or book-entry confirmation of a book-entry transfer of such Original Bonds into the Exchange Agent's account at The Depository Trust Company ("DTC"), as well as this Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein at or prior to 5:00 p.m., New York City time, on the Expiration Date (as defined in the

Prospectus). Tenders by book-entry transfer also may be made by delivering an Agent's Message in lieu of this Letter of Transmittal. The term "book-entry confirmation" means a confirmation of a book-entry transfer of Original Bonds into the Exchange Agent's account at DTC. The term "Agent's Message" means a message, transmitted by DTC to and received by the Exchange Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by this Letter of Transmittal and that Florida Power & Light Company, a Florida corporation (the "Company"), may enforce this Letter of Transmittal against such participant.

Holders (as defined below) of Original Bonds whose certificates (the "Certificates") for such Original Bonds are not immediately available or who cannot deliver their Certificates and all other required documents to the Exchange Agent at or prior to 5:00 p.m., New York City time, on the Expiration Date or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Original Bonds according to the guaranteed delivery procedures set forth in "The Exchange Offer—Procedures For Tendering Original Bonds—Guaranteed Delivery" in the Prospectus.

The term "Holder" with respect to the Exchange Offer means any person in whose name Original Bonds are registered on the books of the Company, any person whose name appears on a DTC security position listing as holding a position in the Original Bonds or any other person who has obtained a properly completed assignment from a registered holder. If you are a beneficial owner whose Original Bonds are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your Original Bonds, you should contact the Holder promptly and instruct them to tender such Original Bonds on your behalf. If you wish to tender your Original Bonds on your own behalf, you must, prior to completing and executing this Letter of Transmittal and delivering your Original Bonds, either make appropriate arrangements to register ownership of the Original Bonds in your name or obtain a properly completed assignment from the Holder. The transfer of registered ownership of Original Bonds may take considerable time.

DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

ALL TENDERING HOLDERS COMPLETE THIS BOX:

DESCRIPTION OF ORIGINAL BONDS

If blank, please print name and address of registered Holder(s) of Original Bonds (Attach additional list if necessary)	Original Bonds (attach additional list if necessary)		
	Certificate Number(s)*	Aggregate Principal Amount of Original Bonds	Principal Amount of Original Bonds Tendered (if less than all)**
	Total:		

* Need not be completed by book-entry Holders.

** Original Bonds may be tendered in whole or in part in integral multiples of $1,000. All Original Bonds shall be deemed tendered unless a lesser number is specified in this column. See "Partial Tenders and Withdrawal Rights" below.

(BOXES BELOW TO BE CHECKED BY ELIGIBLE INSTITUTIONS ONLY)

☐ **CHECK HERE IF TENDERED ORIGINAL BONDS ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC, AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution _____

DTC Account Number _____ Transaction Code Number _____

☐ **CHECK HERE AND ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY IF TENDERED ORIGINAL BONDS ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING (SEE "DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES: GUARANTEED DELIVERY PROCEDURES" BELOW):**

Name(s) of Registered Holder(s) _____

Window Ticket Number (if any) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution which Guaranteed Delivery _____

If Guaranteed Delivery is to be made by Book-Entry Transfer:

Name of Tendering Institution _____

DTC Account Number _____ Transaction Code Number _____

☐ **CHECK HERE IF TENDERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED ORIGINAL BONDS ARE TO BE RETURNED BY CREDITING THE DTC ACCOUNT NUMBER SET FORTH ABOVE.**

☐ **CHECK HERE AND PROVIDE THE INFORMATION REQUESTED BELOW IF YOU ARE A PARTICIPATING BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND, DURING THE NINETY-DAY PERIOD FOLLOWING THE CONSUMMATION OF THE EXCHANGE OFFER, 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO, AS WELL AS ANY NOTICES FROM THE COMPANY TO SUSPEND AND RESUME USE OF THE PROSPECTUS. BY TENDERING ITS ORIGINAL BONDS AND EXECUTING THIS LETTER OF TRANSMITTAL, EACH PARTICIPATING BROKER-DEALER AGREES TO NOTIFY THE COMPANY WHEN IT HAS SOLD ALL OF ITS EXCHANGE BONDS. (IF NO PARTICIPATING BROKER-DEALERS CHECK THIS BOX, OR IF ALL PARTICIPATING BROKER-DEALERS WHO HAVE CHECKED THIS BOX SUBSEQUENTLY NOTIFY THE COMPANY THAT ALL THEIR EXCHANGE BONDS HAVE BEEN SOLD, THE COMPANY WILL NOT BE REQUIRED TO MAINTAIN THE EFFECTIVENESS OF THE EXCHANGE OFFER REGISTRATION STATEMENT OR TO UPDATE THE PROSPECTUS AND WILL NOT PROVIDE ANY NOTICES TO ANY HOLDERS TO SUSPEND OR RESUME USE OF THE PROSPECTUS.)**

PROVIDE THE NAME OF THE INDIVIDUAL WHO SHOULD RECEIVE, ON BEHALF OF THE HOLDER, ADDITIONAL COPIES OF THE PROSPECTUS, AND AMENDMENTS AND SUPPLEMENTS THERETO, AND ANY NOTICES TO SUSPEND AND RESUME USE OF THE PROSPECTUS:

Name: _____

Address: _____

NOTE: SIGNATURES MUST BE PROVIDED BELOW.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to Florida Power & Light Company, a Florida corporation (the "Company"), the above described principal amount of the Company's unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Original Bonds") in exchange for an equivalent amount of the Company's registered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Exchange Bonds"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), upon the terms and subject to the conditions set forth in the Prospectus dated , (as the same may be amended or supplemented from time to time, the "Prospectus"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Prospectus, constitutes the "Exchange Offer").

Subject to and effective upon the acceptance for exchange of all or any portion of the Original Bonds tendered herewith in accordance with the terms and conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to such Original Bonds as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent and attorney-in-fact (with full knowledge that the Exchange Agent is also acting as agent of the Company in connection with the Exchange Offer) with respect to the tendered Original Bonds, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) subject only to the right of withdrawal described in the Prospectus, to (i) deliver Certificates for Original Bonds to the Company together with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company, upon receipt by the Exchange Agent, as the undersigned's agent, of the Exchange Bonds to be issued in exchange for such Original Bonds, (ii) present Certificates for such Original Bonds for transfer, and to transfer the Original Bonds on the books of the Company, and (iii) receive for the account of the Company all benefits and otherwise exercise all rights of beneficial ownership of such Original Bonds, all in accordance with the terms and conditions of the Exchange Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, sell, assign and transfer the Original Bonds tendered hereby and that, when the same are accepted for exchange, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and that the Original Bonds tendered hereby are not subject to any adverse claims or proxies. The undersigned will, upon request, execute and deliver any additional documents deemed by the Company or the Exchange Agent to be necessary or desirable to complete the exchange, assignment and transfer of the Original Bonds tendered hereby, and the undersigned will comply with its obligations under the Registration Rights Agreement. The undersigned has read and agrees to all of the terms of the Exchange Offer.

The name(s) and address(es) of the registered Holder(s) of the Original Bonds tendered hereby should be printed above, if they are not already set forth above, as they appear on the Certificates representing such Original Bonds or on the DTC security position listing that lists the Holder as the owner of Original Bonds. The Certificate number(s) and the Original Bonds that the undersigned wishes to tender should be indicated in the appropriate boxes above.

If any tendered Original Bonds are not exchanged pursuant to the Exchange Offer for any reason, or if Certificates are submitted for more Original Bonds than are tendered or accepted for exchange, Certificates for such non-exchanged or non-tendered Original Bonds will be returned (or, in the case of Original Bonds tendered by book-entry transfer, such Original Bonds will be credited to an account maintained at DTC), without expense to the tendering Holder, promptly following the withdrawal, rejection of tender or termination of the Exchange Offer.

The undersigned understands that tenders of Original Bonds pursuant to any one of the procedures described in "The Exchange Offer—Procedures For Tendering Original Bonds" in the Prospectus and in the instructions attached hereto will, upon the Company's acceptance for exchange of such tendered Original Bonds, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the

conditions of the Exchange Offer. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Original Bonds tendered hereby.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, the undersigned hereby directs that the Exchange Bonds be issued in the name(s) of the undersigned or, in the case of a book-entry transfer of Original Bonds, that such Exchange Bonds be credited to the account indicated above maintained at DTC. If applicable, substitute Certificates representing Original Bonds not exchanged or not accepted for exchange will be issued to the undersigned or, in the case of a book-entry transfer of Original Bonds, will be credited to the account indicated above maintained at DTC. Similarly, unless otherwise indicated under "Special Delivery Instructions" below, please deliver Exchange Bonds to the undersigned at the address shown below the undersigned's signature.

By tendering Original Bonds and executing this Letter of Transmittal or effecting delivery of an Agent's Message in lieu thereof, the undersigned hereby represents and agrees that (i) any Exchange Bonds you receive will be acquired in the ordinary course of business; (ii) you have no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of the Exchange Bonds; (iii) you are not, and as of the Expiration Date you will not be, an "affiliate" of the Company as defined in Rule 405 under the Securities Act; (iv) if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the Exchange Bonds within the meaning of the Securities Act; and (v) if you are a participating broker-dealer that will receive Exchange Bonds for your own account in exchange for Original Bonds that were acquired as a result of market-making activities or other trading activities, you acknowledge that you will deliver a Prospectus meeting the requirements of the Securities Act in accordance with the prospectus delivery requirements of the Securities Act in connection with any resale of such Exchange Bonds; provided that by so acknowledging and by delivering a Prospectus the undersigned does not admit that it is an "underwriter" within the meaning of the Securities Act. The Company may require the undersigned, as a condition to the undersigned's eligibility to participate in the Exchange Offer, to furnish to the Company (or an agent thereof) in writing information as to the number of "beneficial owners" within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on behalf of whom the undersigned holds the Original Bonds to be exchanged in the Exchange Offer.

The Company has agreed that, subject to the provisions of the Registration Rights Agreement, the Prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds, where such Original Bonds were acquired by such participating broker-dealer for its own account as a result of market-making activities or other trading activities. The Company has also agreed that, for a period of 90 days after the consummation of the Exchange Offer, it will make the Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, dealers effecting transactions in Exchange Bonds may be required to deliver a Prospectus.

As a result, a participating broker-dealer who intends to use the Prospectus in connection with resales of Exchange Bonds received in exchange for Original Bonds pursuant to the Exchange Offer must notify the Company, or cause the Company to be notified, prior to 5:00 p.m., New York City time, on the Expiration Date, that it is a participating broker-dealer. Such notice may be given in the space provided above or may be delivered to the Exchange Agent at the address set forth in the Prospectus under "The Exchange Offer—Exchange Agent."

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Original Bonds tendered hereby. All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives, successors and assigns of the undersigned. Except as stated in the Prospectus, this tender is irrevocable.

The undersigned, by completing the box entitled "Description of Original Bonds" above and signing this letter, will be deemed to have tendered the Original Bonds as set forth in such box.

IMPORTANT
HOLDERS: SIGN HERE
(Please Complete Substitute Form W-9 herein)

_____

_____

Signature(s) of Holder(s)

Date: _____

(Must be signed by the registered holder(s) exactly as name(s) appear(s) on Certificate(s) for the Original Bonds hereby tendered or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustee, executor, administrator, guardian, attorney-in-fact, officer of corporation or other person acting in a fiduciary representative capacity, please provide the following information and see "Guarantee of Signature(s)" below.)

Name(s): _____

_____

_____

(Please Print)

Capacity (full title): _____

_____

_____

Address: _____

_____

_____

(Include Zip Code)

Area Code and Telephone No.: _____

(See Substitute Form W-9 herein)

CERTIFICATE OF SIGNATURE(S)
(See "Signature Guarantees" below)

Authorized Signature: _____

Name(s): _____

_____
(Please Print)

Title: _____

Name of Firm: _____

Address: _____

_____
(Include Zip Code)

Area Code and Telephone No.: _____

Date: _____

SPECIAL ISSUANCE INSTRUCTIONS
(SIGNATURE GUARANTEE REQUIRED – See "Signature Guarantees")

TO BE COMPLETED ONLY if Exchange Bonds or Original Bonds not tendered are to be issued in the name of someone other than the registered Holder of the Original Bonds whose name(s) appear(s) above.

☐ Original Bonds not tendered to:

☐ Exchange Bonds to:

Name _____
(PLEASE PRINT)

Address _____

_____

_____
(INCLUDE ZIP CODE)

DTC Account No. _____

_____
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

SPECIAL DELIVERY INSTRUCTIONS
(SIGNATURE GUARANTEE REQUIRED – See "Signature Guarantees")

TO BE COMPLETED ONLY if Exchange Bonds or Original Bonds not tendered are to be sent to someone other than the registered Holder of the Original Bonds whose name(s) appear(s) above, or such registered Holder at an address other than that shown above.

☐ Original Bonds not tendered to:

☐ Exchange Bonds to:

Name _____
(PLEASE PRINT)

Address _____

_____

_____
(INCLUDE ZIP CODE)

INSTRUCTIONS
Forming Part of the Terms and Conditions of the Exchange Offer

1. Delivery of Letter of Transmittal and Certificates: Guaranteed Delivery Procedures.

This Letter of Transmittal is to be completed either if (i) Certificates are to be forwarded herewith or (ii) tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in "The Exchange Offer—Procedures for Tendering Original Bonds" in the Prospectus and an Agent's Message is not delivered. Certificates, or timely confirmation of a book-entry transfer of such Original Bonds into the Exchange Agent's account at DTC, as well as this Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time on the Expiration Date. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter of Transmittal. Original Bonds may be tendered in whole or in part in integral multiples of $1,000.

Holders who wish to tender their Original Bonds pursuant to the Exchange Offer and the certificates for such Original Bonds are not immediately available or time will not permit all required documents to reach the Exchange Agent at or prior to 5:00 p.m., New York City time, on the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, may nevertheless tender their Original Bonds provided that all of the guaranteed delivery procedures set forth in "The Exchange Offer—Procedures For Tendering Original Bonds—Guaranteed Delivery" in the Prospectus are complied with. Pursuant to such procedures:

(i) such tenders are made by or through an Eligible Institution;

(ii) at or prior to 5:00 p.m., New York City time, on the Expiration Date, the Exchange Agent receives from the Eligible Institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form accompanying this Letter of Transmittal, or an electronic message through DTC's Automated Tender Offer Program ("ATOP") with respect to guaranteed delivery for book-entry transfers, setting forth the name and address of the holder of Original Bonds and the amount of Original Bonds tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery, or transmission of such electronic message through ATOP for book-entry transfers, the certificates for all physically tendered Original Bonds, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

(iii) the certificates (or book-entry confirmation) representing all tendered Original Bonds, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by this Letter of Transmittal, are received by the Exchange Agent within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery or transmission of such electronic message through ATOP with respect to guaranteed delivery for book-entry transfers.

The notice of guaranteed delivery may be delivered by hand or transmitted by facsimile or mail to the Exchange Agent and must include a guarantee by an Eligible Institution (as defined under "Signature Guarantees" below) in the form set forth in such notice of guaranteed delivery. For Original Bonds to be properly tendered pursuant to the guaranteed delivery procedure, the Exchange Agent must receive a notice of guaranteed delivery at or prior to 5:00 p.m., New York City time, on the Expiration Date.

The method of delivery of Certificates, this Letter of Transmittal and all other required documents is at the option and sole risk of the tendering Holder, and the delivery will be deemed made only when actually received by

the Exchange Agent. If delivery is by mail, then registered mail with return receipt requested, properly insured, or overnight delivery service is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

The Company will not accept any alternative, conditional or contingent tenders. Each tendering Holder, by execution of a Letter of Transmittal (or facsimile thereof), waives any right to receive any notice of the acceptance of such tender.

2. Signature Guarantees.

Certificates for Original Bonds need not be endorsed and signature guarantees are unnecessary unless:

(i) a certificate for Original Bonds is registered in a name other than that of the person surrendering the certificate or

(ii) a registered holder completes the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" above.

In the case of (i) or (ii) above, such certificates for Original Bonds must be duly endorsed or accompanied by a properly executed bond power, with the endorsement or signature on the bond power and on this Letter of Transmittal, guaranteed by a firm or other entity identified in Rule 17Ad-15 under the Exchange Act as an "eligible guarantor institution," including (as such terms are defined therein) (i) a bank, (ii) a broker, dealer, municipal securities broker or dealer or government securities broker or dealer, (iii) a credit union, (iv) a national securities exchange, registered securities association or clearing agency or (v) a savings association that is a participant in a Securities Transfer Association (each, an "Eligible Institution"), unless an Original Bond is surrendered for the account of an Eligible Institution. See "Signatures on Letter of Transmittal, Assignment and Endorsements" below.

3. Inadequate Space.

If the space provided in the box captioned "Description of Original Bonds" is inadequate, the Certificate number(s) and/or the principal amount of Original Bonds and any other required information should be listed on a separate signed schedule which is attached to this Letter of Transmittal.

4. Partial Tenders and Withdrawal Rights.

Tenders of Original Bonds will be accepted only in integral multiples of $1,000. If less than all the Original Bonds evidenced by any Certificates submitted are to be tendered, fill in the principal amount of Original Bonds which is to be tendered in the box entitled "Principal Amount of Original Bonds Tendered." In such case, new Certificate(s) for the remainder of the Original Bonds which was evidenced by your old Certificate(s) will only be sent to the Holder of the Original Bonds, promptly after the Expiration Date, unless otherwise indicated by the Special Delivery Instructions. All Original Bonds represented by Certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

Except as otherwise provided herein, tenders of Original Bonds may be withdrawn at any time before 5:00 p.m., New York City time, on the Expiration Date. In order for a withdrawal to be effective on or prior to that time, a written or facsimile transmission of such notice of withdrawal must be timely received by the Exchange Agent at one of its addresses set forth above or in the Prospectus before 5:00 p.m., New York City time, on the Expiration Date. Any notice of withdrawal must

(i) specify the name of the person that tendered the Original Bonds to be withdrawn,

(ii) identify the Original Bonds to be withdrawn, including the certificate number or numbers and principal amount of such Original Bonds,

(iii) include a statement that the holder is withdrawing its election to have the Original Bonds exchanged,

(iv) be signed by the holder in the same manner as the original signature on this Letter of Transmittal by which the Original Bonds were tendered or as otherwise described above, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee under the Company's Mortgage and Deed of Trust, dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, as trustee, as amended and supplemented, register the transfer of the Original Bonds into the name of the person withdrawing the tender and

(v) specify the name in which any of the Original Bonds are to be registered, if different from that of the person that tendered the Original Bonds.

The Exchange Agent will return the properly withdrawn Original Bonds promptly following receipt of a notice of withdrawal. If Original Bonds have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Original Bonds or otherwise comply with DTC's procedures.

Any Original Bonds withdrawn will not have been validly tendered for exchange for purposes of the Exchange Offer. Any Original Bonds that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. In the case of Original Bonds tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to its book-entry transfer procedures, the Original Bonds will be credited to an account with DTC specified by the holder, as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Original Bonds may be retendered by following one of the procedures described under "The Exchange Offer—Procedures for Tendering Original Bonds" in the Prospectus at any time at or prior to 5:00 p.m., New York City time, on the Expiration Date.

All questions as to the validity, form and eligibility (including time of receipt, acceptance and withdrawal of tendered Original Bonds) of such withdrawal notices will be determined by the Company, in its sole discretion, whose determination shall be final and binding. The Company, any affiliates or assigns of the Company, the Exchange Agent or any other person shall not be under any duty to give any notification of any irregularities in any notice of withdrawal or incur any liability for failure to give any such notification. See "Irregularities" below. Any Original Bonds which have been tendered, but which are validly withdrawn, will be returned to the Holder thereof without cost to such Holder as soon as practicable after withdrawal.

5. Signatures on Letter of Transmittal, Assignment and Endorsements.

If this Letter of Transmittal is signed by the registered Holder(s) of the Original Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Certificate(s) without alteration, enlargement or any change whatsoever.

If this Letter of Transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the Original Bonds.

If any Original Bonds tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Original Bonds are registered in different name(s) on several Certificates, it will be necessary to complete, sign, and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of Certificates.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Original Bonds listed, the Certificates must be endorsed or accompanied by appropriate bond powers, signed exactly as the name or names of the registered owner(s) appear(s) on the Certificates, and also must be accompanied by such opinions of

counsel, certifications and other information as the Company or the Trustee for the Original Bonds may require in accordance with the restrictions on transfer applicable to the Original Bonds. Signatures on such Certificates or bond powers must be guaranteed by an Eligible Institution.

6. Special Issuance and Delivery Instructions.

If Exchange Bonds are to be issued in the name of a person other than the signer of this Letter of Transmittal, or if Exchange Bonds are to be sent to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Certificates for Original Bonds not exchanged will be returned by mail or, if tendered by book-entry transfer, by crediting the account indicated above maintained at DTC. See "Partial Tenders and Withdrawal Rights" above.

7. Irregularities.

The Company will determine, in its sole discretion, all questions as to the form of documents, validity, eligibility (including time of receipt), acceptance and withdrawal of any tender of Original Bonds, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance of which, or exchange for which, may, in the opinion of counsel to the Company, be unlawful. The Company also reserves the absolute right, subject to applicable law, to waive any of the conditions of the Exchange Offer set forth in the Prospectus under "The Exchange Offer—Conditions to the Exchange Offer" or any conditions or irregularities in any tender of Original Bonds of any particular Holder whether or not similar conditions or irregularities are waived in the case of other Holders. The Company's interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) will be final and binding. No tender of Original Bonds will be deemed to have been validly made until all irregularities with respect to such tender have been cured or waived. The Company, any affiliates or assigns of the Company, the Exchange Agent, or any other person shall not be under any duty to give notification of any irregularities in tenders or incur any liability for failure to give such notification.

Although the Company intends to notify holders of defects or irregularities with respect to tenders of Original Bonds, neither the Company, the Exchange Agent nor any other person will incur any liability for failure to give notification.

8. Requests for Assistance and Additional Copies.

Requests for assistance with respect to Exchange Offer procedures may be directed to the Exchange Agent at its address and telephone number set forth on the front of this Letter of Transmittal. Additional copies of the Prospectus, the Notice of Guaranteed Delivery and the Letter of Transmittal may be obtained from the Exchange Agent or, if you are a beneficial owner, from your broker, dealer, commercial bank, trust company or other nominee.

9. Backup Withholding; Substitute Form W-9.

Under the U.S. federal income tax law, a Holder whose tendered Original Bonds are accepted for exchange is required to provide the Exchange Agent with such Holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 below. If the Exchange Agent is not provided with the correct TIN or an adequate basis for exemption, the Internal Revenue Service (the "IRS") may subject the Holder or other payee to a $50 penalty. In addition, tendering Holders may be subject to backup withholding at the applicable rate on all reportable payments made after the Exchange Offer.

To prevent backup withholding, each tendering Holder of Original Bonds must provide its correct TIN by completing the Substitute Form W-9 set forth below, certifying that the Holder is a United States person (including a United States resident alien), that the TIN provided is correct (or that such Holder is awaiting a TIN) and that (1) the Holder is exempt from backup withholding, (2) the Holder has not been notified by the IRS that such Holder is subject to a backup withholding as a result of a failure to report all interest or dividends or (3) the IRS has notified the Holder that such Holder is no longer subject to backup withholding. The box in Part 2 of the Substitute Form W-9 may be checked if the tendering Holder has not been issued a TIN and has applied for a TIN or intends to.

apply for a TIN in the near future. If the box in Part 2 is checked, the Holder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number on the Substitute Form W-9 in order to avoid backup withholding. Notwithstanding that the box in Part 2 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Exchange Agent will withhold at the applicable rate on all reportable payments made prior to the time a properly certified TIN is provided to the Exchange Agent. The Exchange Agent will retain such amounts withheld during the 60-day period following the date of the Substitute Form W-9. If the Holder furnishes the Exchange Agent with its TIN within 60 days after the date of the Substitute Form W-9, the amounts retained during the 60-day period will be remitted to the Holder, and no further amounts shall be retained or withheld from payments made to the Holder thereafter. If, however, the Holder has not provided the Exchange Agent with its TIN within such 60-day period, amounts withheld will be remitted to the IRS as backup withholding. In addition, all reportable payments made thereafter will be subject to backup withholding at the then applicable rate and the amounts so withheld will be remitted to the IRS until a correct TIN is provided.

The Holder is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the registered owner of the Original Bonds or of the last transferee appearing on the transfers attached to, or endorsed on, the Original Bonds. If the Original Bonds are registered in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

Certain Holders (including, among others, corporations, financial institutions and certain foreign persons) may not be subject to the backup withholding and reporting requirements. Such Holders should nevertheless complete the attached Substitute Form W-9 below, and write "exempt" on the face thereof, to avoid possible erroneous backup withholding. A foreign person may qualify as an exempt recipient by submitting a properly completed IRS Form W-8BEN, "Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding," or, if applicable, Form W-8EC 1, "Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States," signed under penalties of perjury, attesting to that Holder's exempt status. Please consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which Holders are exempt from backup withholding.

Backup withholding is not an additional U.S. federal income tax. Rather, amounts withheld under the backup withholding rules will be allowed as a credit or refund against a Holder's U.S. federal income tax liability if certain required information is provided to the IRS.

10. Waiver of Conditions.

The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

11. No Conditional Tenders.

No alternative, conditional or contingent tenders will be accepted. All tendering Holders of Original Bonds, by execution of this Letter of Transmittal, shall waive any right to receive notice of the acceptance of Original Bonds for exchange.

Although the Company intends to notify holders of defects or irregularities with respect to tenders of Original Bonds, neither the Company, the Exchange Agent nor any other person will incur any liability for failure to give notification.

12. Lost, Destroyed or Stolen Certificates.

If any Certificate(s) representing Original Bonds have been lost, destroyed or stolen, the Holder should promptly notify the Exchange Agent. The Holder will then be instructed as to the steps that must be taken in order to replace the Certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen Certificate(s) have been followed.

13. Security Transfer Taxes.

Holders who tender their Original Bonds for exchange will not be obligated to pay any transfer taxes in connection therewith. If, however,

(i) Exchange Bonds are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Original Bonds tendered or

(ii) if tendered Original Bonds are registered in the name of any person other than the person signing this Letter of Transmittal, or

(iii) if a transfer tax is imposed for any reason other than the exchange of Original Bonds in connection with the Exchange Offer,

then the amount of any such transfer tax (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemptions therefrom is not submitted with the Letter of Transmittal, the amount of such transfer tax will be billed directly to such tendering Holder.

TO BE COMPLETED BY ALL TENDERING HOLDERS
(SEE INSTRUCTION 9)

SUBSTITUTE **Form W-9** **Department of the Treasury** **Internal Revenue Service**	**PART 1** — PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW	TIN:_____ (Social Security Number or Employer Identification Number)
Payer's Request for Taxpaper Identification Number (TIN) and Certification	**Part 2 — TIN Applied For** ☐	

CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT

(1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me);

(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding;

(3) I am a U.S. person (including a U.S. resident alien); and

(4) any other information provided on this form is true and correct.

You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return and you have not been notified subsequently by the IRS that you are no longer subject to backup withholding.

Signature _____ Date _____

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE
IF YOU CHECKED THE BOX IN PART 2 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a Taxpayer Identification Number has not been issued to me, and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service Center or Social Security Administrative Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number by the time of the exchange, all reportable payments made to me thereafter will be subject to backup withholding at the applicable rate until I provide a number.

Signature _____ Date _____

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer.—Social Security numbers have nine digits separated by two hyphens, *i.e.*, 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen, *i.e.*, 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of—	For this type of account:	Give the EMPLOYER IDENTIFICATION number of—
1. An individual's account	The individual	8. Sole proprietorship account	The owner (4)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)	9. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title (5)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person (1)	10. Corporate account	The corporation
4. Custodian account of a minor (Uniform gift to Minors Act)	The minor (2)	11. Religious charitable, or educational organization account	The organization
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor (1)	12. Partnership account held in the name of the business	The partnership
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person (3)	13. Association, club or other tax-exempt organization	The organization
7. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee (1)	14. A broker or registered nominee	The broker or nominee
b. So-called trust account that is not a legal or valid trust under State law	The actual owner (1)	15. Account with the Department of Agriculture in the name of a public entity (such a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's Social Security number.

(3) Circle the ward's, minor's, or incompetent person's name and furnish such person's Social Security number.

(4) Show the name of the owner.

(5) List first and circle the name of the legal trust, estate, or pension trust.

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding on ALL payments include the following:

- An organization exempt from tax under section 501(a), an individual retirement plan, or *certain custodial accounts* under section 403(b)(7) that meet the requirements of section 401(f)(2).
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- An international organization or any agency or instrumentality thereof.

Other payees that may be exempt from backup withholding include:

- A corporation.
- A foreign central bank of issue.
- A registered dealer in securities or commodities registered in the United States or a possession of the United States.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A real estate investment trust.
- An entity registered at all times under the Investment Company Act of 1940.
- A common trust fund operated by a bank under section 584(a).
- A financial institution.
- A middleman known in the investment community as a nominee or who is listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business *in the U.S. and which have at least one nonresident partner.*
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- *Payments of tax-exempt interest* (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Exempt payees described above should file Substitute Form W-9 to avoid possible erroneous backup withholding. FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM, AND FILE THE FORM WITH THE PAYER.

Certain payments other than interest, dividends, and patronage dividends, that are subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

Privacy Act Notice. – Section 6109 requires most recipients of dividends, interest, or other payments to give taxpayer identification numbers of payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) **Penalty for Failure to Furnish Taxpayer Identification Number.** – If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) **Failure to Report Certain Dividend and Interest Payments.** – If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income and such failure is due to negligence, you will be subject to a penalty of 20% on any portion of an under-payment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) **Civil Penalty for False Information With Respect to Withholding.** – If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) **Criminal Penalty for Falsifying Information.** – Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

Exhibit 99(b)

FLORIDA POWER & LIGHT COMPANY

NOTICE OF GUARANTEED DELIVERY

Offer to Exchange
Registered First Mortgage Bonds, 6.20% Series due June 1, 2036
for any and all
Unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036

Pursuant to the Prospectus dated ,

This Notice of Guaranteed Delivery, or one substantially equivalent to this form, must be used to accept the Exchange Offer (as defined below) if (i) certificates for the Company's unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Original Bonds") are not immediately available, (ii) Original Bonds, the Letter of Transmittal and all other required documents cannot be delivered to Deutsche Bank Trust Company Americas (the "Exchange Agent") at or prior to 5:00 p.m., New York City time, on the Expiration Date or (iii) the procedures for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand, overnight courier or mail, or transmitted by facsimile transmission, to the Exchange Agent. See "The Exchange Offer—Procedures for Tendering Original Bonds" in the Prospectus. Capitalized terms used but not defined herein have the meanings assigned to them in the Prospectus (as defined below).

The Exchange Agent for the Exchange Offer is:

Deutsche Bank Trust Company Americas

By Hand or Overnight Delivery:	**By Registered or Certified Mail:**
DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit 648 Grassmere Park Road Nashville, TN 37211	DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit P.O. Box 292737 Nashville, TN 37229-2737
By Facsimile Transmission:	**For Information:**
(615) 835-3701 to confirm by telephone (800) 735-7777	(800) 735-7777 or SPU-Reorg.Operations@db.com

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF GUARANTEED DELIVERY VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

Ladies and Gentlemen:

The undersigned hereby tenders to Florida Power & Light Company, a Florida corporation (the "Company"), upon the terms and subject to the conditions set forth in the Prospectus dated , (as the same may be amended or supplemented from time to time, the "Prospectus"), and the related Letter of Transmittal (which together constitute the "Exchange Offer"), receipt of which is hereby acknowledged, the aggregate principal amount of Original Bonds set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer—Procedures for Tendering Original Bonds."

Name(s) and Address(es) of Holder(s)	Certificate Numbers (if available)	Principal Amount Represented	Principal Amount Tendered*
		$	$
		$	$
		$	$

- Must be in integral multiples of $1,000.

If Original Bonds will be tendered by book-entry transfer, provide the following information:

DTC Account Number _____

Date: _____

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

PLEASE SIGN HERE

X _____

X _____

SIGNATURE(S) OF REGISTERED HOLDER(S) OR AUTHORIZED SIGNATORY

Date: _____

AREA CODE AND TELEPHONE NO.: _____

Must be signed by the holder(s) of the Original Bonds as their name(s) appear(s) on certificates for Original Bonds or on a security position listing, or by person(s) authorized to become registered holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his of her full title below and, unless waived by the Company, provide proper evidence satisfactory to the Company of such person's authority to so act.

Please print name(s) and address(es)

Name _____

Capacity _____

Address _____

_____

(INCLUDING ZIP CODE)

GUARANTEE OF DELIVERY

(Not to be used for signature guarantee)

The undersigned, a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, as an "eligible guarantor institution," including (as such terms are defined therein) (i) a bank, (ii) a broker, dealer, municipal securities broker, municipal securities dealer, government securities broker or government securities dealer, (iii) a credit union, (iv) a national securities exchange, registered securities association or clearing agency or (v) a savings association that is a participant in a Securities Transfer Association recognized program (each of the foregoing being referred to as an "Eligible Institution"), hereby guarantees to deliver to the Exchange Agent, at one of its addresses set forth above, either the Original Bonds tendered hereby in proper form for transfer, or confirmation of the book-entry transfer of such Original Bonds to the Exchange Agent's account at The Depository Trust Company ("DTC"), pursuant to the procedures for book-entry transfer set forth in the Prospectus, in either case together with one or more properly completed and duly executed Letter(s) of Transmittal with any required signature guarantees (or facsimile thereof), or a properly transmitted electronic message through DTC's Automated Tender Offer Program ("ATOP") in the case of book-entry transfers and any other required documents within three New York Stock Exchange trading days after the date of execution of this Notice of Guaranteed Delivery.

The undersigned acknowledges that it must deliver the Letter(s) of Transmittal (or facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers and the Original Bonds tendered hereby (or a book-entry confirmation) to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

SIGNATURE GUARANTEE

_____

(AUTHORIZED SIGNATURE)

_____

(PRINTED NAME)

_____

(TITLE)

_____

(NAME OF FIRM)

_____

(ADDRESS (INCLUDING ZIP CODE) AND TELEPHONE NUMBER
(INCLUDING AREA CODE) OF FIRM)

DATE: _____

NOTE: DO NOT SEND CERTIFICATES FOR ORIGINAL BONDS WITH THIS FORM. CERTIFICATES FOR ORIGINAL BONDS SHOULD BE SENT ONLY WITH YOUR LETTER OF TRANSMITTAL.

Exhibit 99 (c)

FLORIDA POWER & LIGHT COMPANY

Instruction to Registered Holder and/or Depository Trust Company Participant from Beneficial Owner for Offer to Exchange Registered First Mortgage Bonds, 6.20% Series due June 1, 2036 for any and all Unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 Pursuant to the Prospectus dated ,

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , , UNLESS THE OFFER IS EXTENDED. TENDERS MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

To Registered Holder and/or Depository Trust Company Participant:

The undersigned hereby acknowledges receipt of the Prospectus dated , (the "Prospectus") of Florida Power & Light Company, a Florida corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), that together constitute the Company's offer (the "Exchange Offer") to exchange its registered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Exchange Bonds"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for all of its outstanding unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Original Bonds"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder and/or Depository Trust Company Participant, as to the action to be taken by you relating to the Exchange Offer with respect to the Original Bonds held by you for the account of the undersigned.

The aggregate face amount of the Original Bonds held by you for the account of the undersigned is (FILL IN AMOUNT):

$_____ of the unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036.

With respect to the Exchange Offer, the undersigned hereby instructs you (CHECK APPROPRIATE BOX):

☐ To TENDER the following Original Bonds held by you for the account of the undersigned (INSERT PRINCIPAL AMOUNT OF ORIGINAL BONDS TO BE TENDERED (IF LESS THAN ALL)):

$_____ of the unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036.

☐ NOT to TENDER any Original Bonds held by you for the account of the undersigned.

If the undersigned instructs you to tender the Original Bonds held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations that (i) any Exchange Bonds you receive will be acquired in the ordinary course of business; (ii) you have no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of the Exchange Bonds; (iii) you are not, and as of the Expiration Date you will not be, an "affiliate" of the Company as defined in Rule 405 under the Securities Act; (iv) if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the Exchange Bonds within the meaning of the Securities Act; and (v) if you are a participating broker-dealer that will receive Exchange Bonds for your own

account in exchange for Original Bonds that were acquired as a result of market-making activities or other trading activities, you acknowledge that you will deliver a Prospectus meeting the requirements of the Securities Act in accordance with the prospectus delivery requirements of the Securities Act in connection with any resale of such Exchange Bonds. The Company may require the undersigned, as a condition to the undersigned's eligibility to participate in the Exchange Offer, to furnish to the Company (or an agent thereof) in writing information as to the number of "beneficial owners" within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, on behalf of whom the undersigned holds the Original Bonds to be exchanged in the Exchange Offer. If the undersigned is a broker-dealer that will receive Exchange Bonds for its own account in exchange for Original Bonds, it represents that the Original Bonds to be exchanged for Exchange Bonds were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a Prospectus in connection with any resale of such Exchange Bonds; however, by so acknowledging and by delivering a Prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

SIGN HERE

_____

NAME OF BENEFICIAL OWNER(S)

_____

_____

SIGNATURE

_____

_____

NAME(S) (PLEASE PRINT)

_____

_____

(ADDRESS)

_____

(TELEPHONE NUMBER)

_____

(TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER)

_____

_____

DATE

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

November 17, 2006

VIA EDGAR TRANSMISSION

Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: **Florida Power & Light Company**
Registration Statement on Form S-4

Ladies and Gentlemen:

On behalf of Florida Power & Light Company, a Florida corporation (the "Company"), we are transmitting herewith for filing the Company's Registration Statement on Form S-4 ("Registration Statement") for filing with the Securities and Exchange Commission ("Commission") for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of $300,000,000 in aggregate principal amount of the Company's First Mortgage Bonds, 6.20% Series due June 1, 2036 ("Exchange Bonds").

Pursuant to an exchange offer described in the Registration Statement (the "Exchange Offer"), the Exchange Bonds are to be issued in exchange for outstanding first mortgage bonds of the Company having substantially identical terms (the "Original Bonds"). The Company is registering the Exchange Bonds, to be offered in the Exchange Offer, in reliance on the position of the Staff of the Commission enunciated in a series of "no-action" letters commencing with *Exxon Capital Holdings Corporation* (available May 13, 1988) and including *Morgan Stanley and Co., Inc.* (available June 5, 1991), *Shearman & Sterling* (available July 2, 1993) and *Brown & Wood LLP* (available February 7, 1997). In connection therewith, the Company has requested us to advise the Commission as follows:

1. The Company has not entered into any arrangement or understanding with any person (including any broker-dealer) to distribute the Exchange Bonds to be received in the Exchange Offer and, to the best of the Company's information and belief, each person (including any broker-dealer) participating in the Exchange Offer will acquire the Exchange Bonds in the ordinary course of its business and has no arrangement or understanding with any person to participate in a distribution of the Exchange Bonds to be received in the Exchange Offer. The Company will confirm the information in

this subparagraph in its request for acceleration of the effective date of the Registration Statement.

2. The prospectus contained in the Registration Statement discloses under "The Exchange Offer—Resale of Exchange Bonds" that any broker-dealer that holds Original Bonds acquired for its own account as a result of market-making activities or other trading activities, and that receives Exchange Bonds in exchange for such Original Bonds pursuant to the Exchange Offer, may be deemed to be a statutory underwriter and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Bonds (it being understood that such prospectus may be the prospectus contained in the Registration Statement since such prospectus refers to such resales under "Plan of Distribution").

3. The Letter of Transmittal, which must be signed or otherwise agreed to by or on behalf of an exchange offeree in order to participate in the Exchange Offer, contains a provision to the effect that any exchange offeree which is a broker-dealer holding Original Bonds acquired for its own account as a result of market-making activities or other trading activities will acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Bonds received in respect of such Original Bonds pursuant to the Exchange Offer (it being understood that such prospectus may be the prospectus contained in the Registration Statement, as aforesaid). The Letter of Transmittal also contains a provision to the effect that each person (including any broker-dealer), by participating in the Exchange Offer, represents to the Company that it is not engaged in, and does not intend to engage in, a distribution of the Exchange Bonds.

A wire transfer of the filing fee in the amount of $32,100 was sent directly to the account of the Commission maintained at the Mellon Bank.

If you have any questions, please contact the undersigned.

Very truly yours,

THELEN REID & PRIEST LLP,
Counsel to Florida Power & Light Company

By: Thomas P. Giblin, Jr.
Thomas P. Giblin, Jr.

Enclosures
NY #749622 v3

Exhibit (c)-1D

PROSPECTUS

FLORIDA POWER & LIGHT COMPANY

OFFER TO EXCHANGE

$300,000,000
Registered First Mortgage Bonds,
6.20% Series due June 1, 2036
for any and all
Unregistered First Mortgage Bonds,
6.20% Series due June 1, 2036

This exchange offer will expire at 5:00 p.m., New York City time, on December 28, 2006, unless extended.

Florida Power & Light Company is offering to exchange up to $300,000,000 in aggregate principal amount of its registered First Mortgage Bonds, 6.20% Series due June 1, 2036, which are referred to as the "Exchange Bonds," for $300,000,000 in aggregate principal amount of its outstanding unregistered First Mortgage Bonds, 6.20% Series due June 1, 2036, which are referred to as the "Original Bonds." The terms of the Exchange Bonds are identical in all material respect to the terms of the Original Bonds, except that the Exchange Bonds have been registered under the Securities Act of 1933, and, therefore, the terms relating to transfer restriction, registration rights and additional interest applicable to the Original Bonds are not applicable to the Exchange Bonds, and the Exchange Bonds will bear a different CUSIP number. In this prospectus, any Original Bonds that are not exchanged for Exchange Bonds are referred to as the "Remaining Original Bonds."

- Florida Power & Light Company will accept any and all Original Bonds that are validly tendered and not validly withdrawn on or before the expiration of this exchange offer. See the procedures for tendering the Original Bonds under "The Exchange Offer" beginning on page 9 of this prospectus.
- Tenders of Original Bonds may be validly withdrawn at any time prior to expiration of this exchange offer.
- If you fail to tender your Original Bonds, you will continue to hold unregistered, restricted securities, and your ability to transfer them may be adversely affected.
- The exchange of Original Bonds for Exchange Bonds will not be a taxable event for United States federal income tax purposes.
- Original Bonds may be exchanged for the Exchange Bonds only in denominations of $1,000 and integral multiples of $1,000.
- No public market currently exists for the Exchange Bonds. Florida Power & Light Company does not intend to list the Exchange Bonds on any securities exchange.

Each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Bonds. The related letter of transmittal that is delivered with this prospectus states that by so acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds where the Original Bonds were acquired by the broker-dealer as a result of market-making activities or other trading activities. Florida Power & Light Company has agreed that, for a period of 90 days following the consummation of this exchange offer, Florida Power & Light Company will make this prospectus available for use in connection with any such resale of Exchange Bonds. See "Plan of Distribution" beginning on page 31 of this prospectus.

Each holder of Original Bonds wishing to accept this exchange offer must effect a tender of Original Bonds by book-entry transfer into the exchange agent's account at The Depository Trust Company. All deliveries are at the risk of the holder. You can find more detailed instructions concerning delivery under "The Exchange Offer" beginning on page 9.

See "Risk Factors" beginning on page 3 of this prospectus to read about certain factors you should consider in connection with this exchange offer.

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.

You should read this entire document and the accompanying letter of transmittal and related documents and any amendments or supplements carefully before making your decision to participate in this exchange offer.

The date of this prospectus is November 29, 2006.

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You should rely only on the information included or incorporated by reference in this prospectus or in any prospectus supplement. Florida Power & Light Company ("FPL") has not authorized anyone to provide you with additional or different information. FPL is not making an offer to exchange the Original Bonds discussed in this prospectus in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to Robert J. Reger, Jr., Esq., Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10019. Oral requests should be made by telephoning (212) 603-2000. In order to obtain timely delivery, you must request the information no later than December 20, 2006, which is five business days before the expiration date of this exchange offer.

RISK FACTORS

Before participating in this exchange offer, investors should carefully consider the following risk factors together with the risk factors and other information incorporated by reference or provided in this prospectus or in any prospectus supplement in order to determine whether to participate in this exchange offer.

Risks relating to FPL's business

FPL is subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry and environmental matters. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL.

FPL is subject to complex laws and regulations, and to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 2005, the Federal Power Act, the Atomic Energy Act of 1954, the Energy Policy Act of 2005 and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission, 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 Florida Public Service Commission has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL is subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL operates in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL will need to adapt to these changes and may face increasing competitive pressure.

FPL's results of operations could be affected by its ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL.

The operation and maintenance of power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout our generation fleets unless and until such defects are remedied, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not

cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL's plants, or at the plants of other nuclear operators.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL could be adversely affected.

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 within established budgets 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.

The use of derivative contracts by FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL.

FPL uses derivative instruments, such as swaps, options and forwards to manage its commodity and financial market risks. FPL could recognize financial losses if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

Because FPL and FPL Group, Inc. rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL to grow its business and would likely increase interest costs.

FPL as well as FPL Group, Inc. ("FPL Group") 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 of FPL and FPL Group to maintain their current credit ratings could affect FPL's ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

Customer growth in FPL's service area affects its results of operations.

FPL's results of operations are affected by the growth in customer accounts in FPL's service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

Weather affects FPL's results of operations.

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities. FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. Recovery of these costs is subject to Florida Public Service Commission approval.

FPL is subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

FPL 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 laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL in unpredictable ways.

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, 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's ability to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.

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

FPL is subject to employee workforce factors that could affect the business and financial condition of FPL.

FPL is subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the business and financial condition of FPL.

Risk related to this exchange offer

If you fail to exchange Original Bonds, they will remain subject to transfer restrictions.

The Remaining Original Bonds will continue to be subject to restrictions on their transfer in accordance with the Securities Act of 1933 ("Securities Act"). After the expiration of this exchange offer, holders of the Remaining Original Bonds will not have any further rights to have those Remaining Original Bonds registered under the Securities Act, except in the limited circumstances described in the next sentence. The only holders that will have further registration rights are broker-dealers and holders, other than broker-dealers, (i) that were not permitted by applicable law or interpretations of the staff of the Securities and Exchange Commission ("SEC"), to participate in this exchange offer or (ii) that participated in this exchange offer but did not receive freely tradeable Exchange Bonds on the date of the exchange. The value of the Remaining Original Bonds could be adversely affected by the conclusion of this exchange offer. There may be no market for the Remaining Original Bonds and thus you may be unable to sell those bonds.

Late deliveries of Original Bonds and other required documents could prevent you from exchanging your Original Bonds.

Bondholders are responsible for complying with all exchange offer procedures. The issuance of Exchange Bonds will only occur upon the proper and timely completion of the procedures described under "The Exchange Offer." Therefore, holders of Original Bonds that wish to exchange Original Bonds for Exchange Bonds should allow sufficient time for the timely completion of the exchange offer procedures. Neither FPL nor the exchange agent is obligated to notify you of any failure to follow the proper exchange offer procedures.

If you are a broker-dealer, your ability to transfer the Exchange Bonds may be restricted.

A broker-dealer that purchased Original Bonds for its own account as part of market-making or trading activities must deliver a prospectus when it sells the Exchange Bonds. FPL's obligation to make this prospectus available to broker-dealers is limited. Consequently, FPL cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their Exchange Bonds.

FLORIDA POWER & LIGHT COMPANY

FPL was incorporated under the laws of Florida in 1925 and is a rate-regulated utility engaged primarily 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 more than 8 million. During 2005, FPL served approximately 4.3 million customer accounts. FPL is a wholly-owned subsidiary of FPL Group.

FPL'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 33408-04205.

USE OF PROCEEDS

FPL will not receive any cash proceeds from the issuance of the Exchange Bonds. In exchange for issuing the Exchange Bonds as described in this prospectus, FPL will receive an equal aggregate principal amount of Original Bonds, which will be cancelled.

FPL received approximately $295.8 million of net proceeds from the sale of the Original Bonds in April 2006. FPL used the proceeds to repay a portion of FPL's short-term borrowings and for other corporate purposes.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

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

Years Ended December 31,				
2005	2004	2003	2002	2001
5.74	6.74	7.23	7.47	6.44

FPL's consolidated ratio of earnings to fixed charges for the nine months ended September 30, 2006 was 5.29.

SELECTED FINANCIAL DATA

The following material 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 or in any prospectus supplement. The selected financial data in the following table sets forth consolidated balance sheet data as of, and consolidated operating data for the nine months ended, September 30, 2006 and 2005, derived from FPL's unaudited condensed financial statements, and each of the fiscal years in the five-year period ending December 31, 2005 derived from FPL's consolidated financial statements audited by Deloitte & Touche LLP, independent registered public accounting firm. In the opinion of FPL, all adjustments (consisting of normal recurring accruals) considered necessary for a fair financial statement presentation of the results of operations for the nine months ended September 30, 2006 and 2005 have been made. The income statement data for an interim period generally will not give a true indication of the results that may be expected for an entire year.

	Nine Months Ended September 30,		Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(millions):							
Operating revenues	$ 9,096	$ 7,230	$ 9,528	$ 8,734	$ 8,293	$ 7,378	$ 7,477
Net income available to FPL Group	$ 632	$ 624	$ 748	$ 749	$ 733	$ 717	$ 679[b]
Total assets [a]	$ 23,150	$ 23,199	$ 22,726	$ 19,114	$ 17,817	$ 16,032	$ 15,174
Long-term debt, excluding current maturities [a]	$ 4,213	$ 3,271	$ 3,271	$ 2,813	$ 3,074	$ 2,364	$ 2,579
Energy sales (kwh)			105,648	103,635	103,202	98,605	93,488
Energy sales:							
Residential			51.4%	50.7%	51.8%	51.6%	50.9%
Commercial			41.1	40.6	40.1	40.6	40.6
Industrial			3.7	3.8	3.9	4.1	4.4
Interchange power sales			2.0	2.9	2.3	1.8	2.2
Other [c]			1.8	2.0	1.9	1.9	1.9
Total			100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (megawatt): [d]							
Summer season			22,361	20,545	19,668	19,219	18,754
Winter season			19,682	18,108	15,989	20,190	17,585
Average number of customer accounts (thousands):							
Residential			3,828	3,745	3,653	3,566	3,491
Commercial			470	458	445	435	427
Industrial			20	19	17	16	15
Other			4	3	2	3	2
Total			4,322	4,225	4,117	4,020	3,935
Average price per kilowatt-hour (cents) [e]			8.88	8.36	7.95	7.32	8.05

(a) Reflects the adoption of Financial Accounting Standards Board Interpretation No. 46 in July 2003.
(b) Includes merger-related expenses.
(c) Includes the net change in unbilled sales.
(d) Winter season includes November and December of the current year and January to March of the following year.
(e) Excludes interchange power sales, net change in unbilled revenues, deferrals/recoveries under cost recovery clauses and a provision, if any, for retail rate refund.

WHERE YOU CAN FIND MORE INFORMATION

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 SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

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

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 Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus until FPL consummates the exchange offer:

(1) FPL's Annual Report on Form 10-K for the year ended December 31, 2005;

(2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006; and

(3) FPL's Current Reports on Form 8-K filed with the SEC on January 5, 2006, April 24, 2006, May 19, 2006, May 26, 2006 and October 25, 2006.

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, 875 Third Avenue, New York, New York 10022, (212) 603-2000. FPL will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus but not delivered with this prospectus. In order to obtain timely delivery, you must request information no later than December 20, 2006, five business days before the expiration of this exchange offer.

FPL is providing to each person to whom it is delivering this prospectus a copy of its Annual Report on Form 10-K for the year ended December 31, 2005 and a copy of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

FORWARD-LOOKING STATEMENTS

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 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," "believe," "could," "estimated," "may," "plan," "potential," "projection," "target," "outlook") are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the specific factors discussed in "Risk Factors" herein and in the reports that are incorporated herein by reference (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL's operations and financial results, and 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, including unanticipated events, after the date on which that statement is made. 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.

The issues and associated risks and uncertainties discussed in "Risk Factors" herein and in the reports that are incorporated herein by reference 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 those additional issues could impair FPL's business in the future.

THE EXCHANGE OFFER

FPL is offering to exchange up to $300,000,000 in aggregate principal amount of Exchange Bonds for the same aggregate principal amount of Original Bonds, validly tendered and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. Unlike the Original Bonds, the Exchange Bonds will be registered under the Securities Act. FPL is making this exchange offer for all of the Original Bonds. Your participation in this exchange offer is voluntary, and you should carefully consider whether to accept this offer.

As of the date of this prospectus, $300,000,000 in aggregate principal amount of Original Bonds are outstanding. FPL's obligations to accept Original Bonds for Exchange Bonds pursuant to this exchange offer are limited by the conditions listed below under "—Conditions to the Exchange Offer." FPL currently expects that each of the conditions will be satisfied and that no waivers will be necessary.

Purpose of the Exchange Offer

On April 24, 2006, FPL issued and sold $300,000,000 in aggregate principal amount of its First Mortgage Bonds, 6.20% Series due June 1, 2036 in a transaction exempt from the registration requirements of the Securities Act. The initial purchasers of the Original Bonds subsequently resold the Original Bonds to qualified institutional buyers in reliance on Rule 144A under the Securities Act.

Because the transactions were exempt from registration under the Securities Act, a holder may reoffer, resell or otherwise transfer Original Bonds only if the Original Bonds are registered under the Securities Act or if an applicable exemption from the registration and prospectus delivery requirements of the Securities Act is available.

In connection with the issuance and sale of the Original Bonds, FPL entered into a registration rights agreement with the initial purchasers of the Original Bonds, in which FPL agreed to

(1) cause to be filed with the SEC an exchange offer registration statement with respect to this exchange offer and the issuance and delivery to the holders, in exchange for the Original Bonds, of a like principal amount of Exchange Bonds;

(2) use its reasonable efforts to cause the exchange offer registration statement to become effective under the Securities Act within 330 days of the closing of the offering of the Original Bonds (March 20, 2007);

(3) upon the effectiveness of the exchange offer registration statement, promptly offer the Exchange Bonds in exchange for the surrender of the Original Bonds;

(4) use its reasonable efforts to keep the exchange offer open for acceptance for a period of not less than 30 days, or longer if required by applicable law, after the date notice of the exchange offer is first mailed to the holders of the Original Bonds; and

(5) use its reasonable efforts to consummate the exchange offer within 360 days of the closing of the offering of the Original Bonds (April 19, 2007).

The registration rights agreement also provides that if:

(1) the exchange offer registration statement has not become effective under the Securities Act within 330 days after the closing of the offering of the Original Bonds (unless FPL is not permitted to effect the exchange offer because the exchange offer is not permitted because of a change in law, regulation or applicable interpretation by the staff of the SEC);

(2) the exchange offer is not consummated within 360 days after the closing of the offering of the Original Bonds (unless FPL is not permitted to effect an exchange offer as specified in (1) above);

(3) a shelf registration statement ((a) with respect to all Original Bonds if FPL is not permitted to effect an exchange offer as specified in (1) above and (b) with respect to Original Bonds not eligible to be exchanged for Exchange Bonds in the exchange offer, or with respect to Original Bonds or Exchange Bonds held by any holder that is not permitted by law, regulation or applicable interpretation of the staff of the SEC to participate in the exchange offer, or any holder who participates in the exchange offer but does not receive Exchange Bonds in the exchange offer which such holder could sell without compliance with the prospectus delivery requirements of the Securities Act) has not become effective under the Securities Act within the later of (i) 180 days after being required or requested to file a shelf registration statement and (ii) 360 days after the closing of the offering of the Original Bonds; or

(4) after the exchange offer registration statement or the shelf registration statement, as the case may be, becomes effective, such registration statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of Original Bonds or Exchange Bonds as provided in and during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4), a "Registration Default"),

then additional interest will accrue on the Original Bonds and the Exchange Bonds, as the case may be, in addition to the rate shown on the cover page of this prospectus, from and including the date on which any such Registration Default shall have occurred to, but excluding, the date on which the Registration Defaults have been cured, or if earlier, the date on which the Original Bonds may first be resold in reliance on Rule 144(k) under the Securities Act, at the rate of 0.25% per annum ("Additional Interest Rate"); provided, however, that the Additional Interest Rate on the Original Bonds may not exceed 0.25% per annum even if there are multiple Registration Defaults. Such additional interest will be payable on the interest payment dates in addition to any other interest payable from time to time with respect to the Original Bonds and the Exchange Bonds and will be payable on interest payment dates in the same manner as ordinary interest. See "Description of the Exchange Bonds—Interest and Payment" below for a description of the interest payment dates.

The Exchange Bonds will be issued in a like principal amount and will be identical in all material respects to the Original Bonds, except that the Exchange Bonds will be registered under the Securities Act, and, therefore, the terms relating to transfer restrictions, registration rights and additional interest applicable to the Original Bonds are not applicable to the Exchange Bonds, and the Exchange Bonds will bear a different CUSIP number.

A copy of the registration rights agreement has been filed previously with the SEC and is an exhibit to the exchange offer registration statement filed with the SEC of which this prospectus is a part. FPL is making this exchange offer to satisfy its obligations under the registration rights agreement. Holders of Original Bonds who do not tender their Original Bonds or whose Original Bonds are tendered but not accepted will have to rely on an applicable exemption from the registration requirements under the Securities Act and applicable state securities laws in order to resell or otherwise transfer their Original Bonds.

Resale of Exchange Bonds

FPL has not requested, and does not intend to request, an interpretation by the staff of the SEC as to whether the Exchange Bonds issued pursuant to this exchange offer in exchange for the Original Bonds may be offered for resale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Instead, based on existing interpretations of the Securities Act

by the staff of the SEC set forth in several no-action letters to third parties, and subject to the immediately following sentence, FPL believes that the Exchange Bonds to be issued pursuant to this exchange offer in exchange for Original Bonds may be offered for resale, resold and otherwise transferred by any holder of Exchange Bonds, other than holders who are broker-dealers, without further compliance with the registration and prospectus delivery requirements of the Securities Act. Any purchaser of the Original Bonds, however, who is an affiliate of FPL or who intends to participate in this exchange offer for the purpose of distributing the Exchange Bonds, or any participating broker-dealer who purchased the Original Bonds for its own account, other than as a result of market-making activities or other trading activities, to resell pursuant to Rule 144A or any other available exemption under the Securities Act

- will not be able to rely on the interpretations by the staff of the SEC set forth on the above-mentioned no-action letters;
- will not be able to tender its Original Bonds in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Exchange Bonds, unless the sale or transfer is made under an exemption from those requirements.

Because the SEC has not considered FPL's exchange offer in the context of a no-action letter, FPL cannot assure you that the staff of the SEC would make a similar determination with respect to the Exchange Bonds as it has in other interpretations to third parties. In the event that FPL's belief is not correct, holders of the Exchange Bonds who transfer Exchange Bonds in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration under the Securities Act may incur liability under the Securities Act. FPL will not assume or indemnify holders against any such liability.

Each broker-dealer that receives Exchange Bonds for its own account in exchange for Original Bonds, where the Original Bonds were acquired by such broker-dealer as a result of market-making activities or other trading activities, must agree to deliver a prospectus in connection with any resale of these Exchange Bonds. These broker-dealers may use this prospectus for this purpose. Each of these broker-dealers may be deemed to be an "underwriter" within the meaning of the Securities Act.

FPL has not entered into any arrangement or understanding with any person to distribute the Exchange Bonds to be received in this exchange offer.

The term "holder" with respect to this exchange offer means any person in whose name Original Bonds are registered on FPL's books, any other person who has obtained a properly completed assignment from the registered holder or any participant in The Depository Trust Company ("DTC") whose Original Bonds are held of record by DTC.

Any holder that is not able to make representations as to its non-affiliate and non-broker-dealer status or certain other representations set forth in the related letter of transmittal will not be entitled to participate in this exchange offer and, therefore, will not be permitted to exchange its Original Bonds for Exchange Bonds. See "Plan of Distribution."

This exchange offer is not being made to, nor will FPL accept tenders for exchange from, holders of Original Bonds in any jurisdiction in which this exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of that jurisdiction.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, FPL will accept any and all Original Bonds validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the date the exchange offer expires. Holders may tender their Original Bonds in whole or in part only in denominations of $1,000 and integral multiples of $1,000. For each Original Bond accepted

for exchange, the holder of the Original Bond will receive an Exchange Bond having a principal amount equal to that of the surrendered Original Bond.

The form and terms of the Exchange Bonds will be substantially identical to the form and terms of the Original Bonds, except the Exchange Bonds:

(i) will be registered under the Securities Act;

(ii) will not bear legends restricting their transfer;

(iii) will bear a different CUSIP number; and

(iv) will not be entitled to the rights of holders of Original Bonds under the registration rights agreement, including additional interest.

The Exchange Bonds will evidence the same debt as the Original Bonds. The Exchange Bonds will be issued under and entitled to the benefits of the Mortgage, as defined below under "Description of the Exchange Bonds—General," under which the Original Bonds were issued such that the Exchange Bonds and the Original Bonds will be treated as a single series of first mortgage bonds under the Mortgage.

This exchange offer is not conditioned upon any minimum aggregate principal amount of Original Bonds being tendered for exchange. This prospectus and the letter of transmittal are being sent to all registered holders of outstanding Original Bonds. There will be no fixed record date for determining registered holders of Original Bonds entitled to participate in this exchange offer.

No interest will be paid in connection with this exchange offer. Interest on the Exchange Bonds will accrue from and including the last date on which interest has been paid on the Original Bonds, but, if no interest has been paid on such Original Bonds, then from the date of their original issue. Accordingly, the holders of Original Bonds that are accepted for exchange will not receive accrued but unpaid interest on those Original Bonds at the time of tender or exchange. Rather, any accrued and unpaid interest on those Original Bonds exchanged for Exchange Bonds will be paid on the Exchange Bonds on the first interest payment date after the expiration of the exchange offer, to holders of record of the Exchange Bonds as of the record date for payment of such interest See "Description of the Exchange Bonds—Interest and Payment," below.

FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Exchange Bonds from FPL.

If any tendered Original Bonds are not accepted for exchange because of an invalid tender or the occurrence of any of the conditions under "—Conditions to the Exchange Offer" below, the tendered Original Bonds will be returned, without expense, to the tendering holder thereof promptly after the expiration or termination of the exchange offer.

Expiration Date; Extensions; Termination; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on December 28, 2006, unless extended. If extended, "expiration date" shall refer to the latest date and time to which the exchange offer is extended.

FPL will notify the exchange agent of any extension of the current expiration date by oral notice, promptly confirmed in writing, or written notice and by timely public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously-scheduled expiration date.

FPL reserves the right, in its reasonable discretion,

- to delay accepting any Original Bonds subsequent to the expiration date only if the delay is in anticipation of receiving any necessary governmental approvals, to extend this exchange offer, or to terminate this exchange offer if any of the conditions set forth below under "—Conditions to the Exchange Offer" shall not have been satisfied, by giving oral notice, promptly confirmed in writing, or written notice of such delay, extension or termination to the exchange agent, or

- to amend the terms of this exchange offer in any manner.

Any such delay, extension, termination or amendment will be followed as promptly as practicable either by a press release or by oral notice, promptly confirmed in writing, or written notice thereof to the registered holders. If FPL amends this exchange offer in a manner that FPL determines, in its reasonable discretion, constitutes a material change, FPL will promptly disclose the material change by means of a prospectus supplement. FPL will distribute the prospectus supplement to the registered holders of Original Bonds, and will extend this exchange offer to the extent required by law.

Upon satisfaction or waiver of all the conditions to this exchange offer, FPL will accept, promptly after the expiration date, all Original Bonds validly tendered and not validly withdrawn and will promptly issue the Exchange Bonds after the expiration date. See "—Conditions to the Exchange Offer" below. For purposes of this exchange offer, FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice thereof to the exchange agent.

Original Bonds that are not accepted for exchange and Original Bonds to the extent they represent a greater principal amount than the tendering holder desires to exchange will be returned, without expense, to the tendering holder promptly after the expiration or termination of this exchange offer.

Procedures for Tendering Original Bonds

Valid Tender

Except as set forth below, in order for Original Bonds to be validly tendered pursuant to this exchange offer, either (i) (a) a properly completed and duly executed letter of transmittal (or facsimile thereof) or an electronic message agreeing to be bound by the letter of transmittal properly transmitted through DTC's Automated Tender Offer Program ("ATOP") for a book-entry transfer, with any required signature guarantees and any other required documents, must be received by the exchange agent at the address or the facsimile number set forth under "—Exchange Agent" below at or prior to 5:00 p.m., New York City time, on the expiration date and (b) tendered Original Bonds must be received by the exchange agent, or such Original Bonds must be tendered pursuant to the procedures for book-entry transfer set forth below and a book-entry confirmation must be received by the exchange agent, in each case at or prior to 5:00 p.m., New York City time, on the expiration date, or (ii) the guaranteed delivery procedures set forth below must be complied with.

If less than all of the Original Bonds are tendered, a tendering holder should fill in the amount of Original Bonds being tendered in the appropriate box on the letter of transmittal. The entire amount of Original Bonds delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

If any letter of transmittal, endorsement, bond power, power of attorney or any other document required by the letter of transmittal is signed by a trustee, executor, administrator, guardian, attorney-in fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing. Unless waived by FPL, evidence satisfactory to FPL of such person's authority to so act also must be submitted.

Any beneficial owner of Original Bonds that are held by or registered in the name of a broker, dealer, commercial bank, trust company or other nominee is urged to contact such entity promptly if such beneficial holder wishes to participate in this exchange offer.

The method of delivering Original Bonds, the letter of transmittal and all other required documents is at the option and sole risk of the tendering holder. Delivery will be deemed made only when actually received by the exchange agent. Instead of delivery by mail, it is recommended that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery and proper insurance should be obtained. No Original Bond, letter of transmittal or other required document should be sent to FPL. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect these transactions for them.

The tender by a holder that is not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date will constitute an agreement between the holder and FPL in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

Book-Entry Transfer

The exchange agent has established an account with respect to the Original Bonds at DTC for purposes of this exchange offer. The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC may utilize DTC's ATOP procedures to tender Original Bonds. Any participant in DTC may make book-entry delivery of Original Bonds by causing DTC to transfer the Original Bonds into the exchange agent's account in accordance with DTC's ATOP procedures for transfer.

However, the exchange for the Original Bonds so tendered will be made only after a book-entry confirmation of such book-entry transfer of Original Bonds into the exchange agent's account and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by DTC to and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant tendering Original Bonds that are the subject of the book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that FPL may enforce that agreement against the participant.

Delivery of documents to DTC does not constitute delivery to the exchange agent.

Signature Guarantees

Certificates for Original Bonds need not be endorsed and signature guarantees on a letter of transmittal or a notice of withdrawal, as the case may be, are unnecessary unless (i) a certificate for Original Bonds is registered in a name other than that of the person surrendering the certificate or (ii) a registered holder completes the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" in the letter of transmittal. In the case of (i) or (ii) above, such certificates for Original Bonds must be duly endorsed or accompanied by a properly executed bond power, with the endorsement or signature on the bond power and on the letter of transmittal or the notice of withdrawal, as the case may be, guaranteed by a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934 as an "eligible guarantor institution," including (as such terms are defined therein) (i) a bank, (ii) a broker, dealer, municipal securities broker or dealer or government securities broker or dealer, (iii) a credit union, (iv) a national securities exchange, registered securities association or clearing agency or (v) a savings association that is a participant in a Securities Transfer Association recognized program (each an "Eligible Institution"), unless an Original Bond is surrendered for the account of an Eligible Institution. See Instruction 2 to the letter of transmittal.

Guaranteed Delivery

If a holder desires to tender Original Bonds pursuant to this exchange offer and the certificates for such Original Bonds are not immediately available or time will not permit all required documents to reach the exchange agent on or before the expiration date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Original Bonds may nevertheless be tendered, provided that all of the following guaranteed delivery procedures are complied with:

(i) such tenders are made by or through an Eligible Institution;

(ii) prior to the expiration date, the exchange agent receives from the Eligible Institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form accompanying the letter of transmittal, or an electronic message through ATOP with respect to guaranteed delivery for book-entry transfers, setting forth the name and address of the holder of Original Bonds and the amount of Original Bonds tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery, or transmission of such electronic message through ATOP for book-entry transfers, the certificates for all physically tendered Original Bonds, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by the letter of transmittal will be deposited by the Eligible Institution with the exchange agent; and

(iii) the certificates (or book-entry confirmation) representing all tendered Original Bonds, in proper form for transfer, together with a properly completed and duly executed letter of transmittal with any required signature guarantees (or a facsimile thereof), or a properly transmitted electronic message through ATOP in the case of book-entry transfers, and any other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange, Inc. trading days after the date of execution of the notice of guaranteed delivery or transmission of such electronic message through ATOP with respect to guaranteed delivery for book-entry transfers.

Determination of Validity

FPL will determine in its reasonable discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered Original Bonds. FPL's determination will be final and binding. FPL reserves the absolute right to reject any Original Bonds not validly tendered or any tendered Original Bonds the acceptance of which would, in the opinion of its counsel, be unlawful. FPL also reserves the right to waive any defects, irregularities or conditions of tender as to particular Original Bonds. FPL's interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of Original Bonds must be cured within the time that FPL determines. Although FPL intends to notify holders of defects or irregularities with respect to tenders of Original Bonds, neither FPL, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of Original Bonds will not be deemed made until those defects or irregularities have been cured or waived. Any Original Bonds received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer.

Withdrawal Rights

You may withdraw your tender of Original Bonds at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a computer generated notice of withdrawal, transmitted by DTC on behalf of the holder in accordance with the standard operating procedure of DTC, or a written notice of withdrawal, sent by telegram, telex, facsimile transmission, or letter received before 5:00 p.m., New York City time, on the expiration date.

Any notice of withdrawal must:

(i) specify the name of the person that tendered the Original Bonds to be withdrawn;

(ii) identify the Original Bonds to be withdrawn, including the certificate number or numbers (if in certificated form) and principal amount of such Original Bonds;

(iii) include a statement that the holder is withdrawing its election to have the Original Bonds exchanged;

(iv) be signed by the holder in the same manner as the original signature on the letter of transmittal by which the Original Bonds were tendered or as otherwise described above, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee under the Mortgage register the transfer of the Original Bonds into the name of the person withdrawing the tender; and

(v) specify the name in which any of the Original Bonds are to be registered, if different from that of the person that tendered the Original Bonds.

The exchange agent will return the properly withdrawn Original Bonds promptly following receipt of a notice of withdrawal. If Original Bonds have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Original Bonds or otherwise comply with DTC's procedures.

Any Original Bonds withdrawn will not have been validly tendered for exchange for purposes of this exchange offer. Any Original Bonds that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer. In the case of Original Bonds tendered by book-entry transfer into the exchange agent's account at DTC pursuant to its book-entry transfer procedures, the Original Bonds will be credited to an account with DTC specified by the holder, as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer. Properly withdrawn Original Bonds may be retendered by following one of the procedures described under "—Procedures for Tendering Original Bonds" above at any time on or before the expiration date.

Acceptance of Original Bonds for Exchange; Delivery of Exchange Bonds

Upon satisfaction or waiver of all of the conditions to this exchange offer, FPL will accept, promptly after the exchange date, all Original Bonds validly tendered and will issue the Exchange Bonds promptly after the acceptance. See "—Conditions to the Exchange Offer" below. For purposes of this exchange offer, FPL will be deemed to have accepted validly tendered Original Bonds for exchange when it shall have given oral notice, promptly confirmed in writing, or written notice to the exchange agent.

For each Original Bond accepted for exchange, the holder of the Original Bond will receive an Exchange Bond having a principal amount at maturity equal to that of the surrendered Original Bond. The Exchange Bonds will be delivered on the earliest practicable date following the exchange date.

In all cases, delivery of Exchange Bonds in exchange for Original Bonds tendered and accepted for exchange pursuant to this exchange offer will be made only after timely receipt by the exchange agent of:

(i) Original Bonds or a book-entry confirmation of a book-entry transfer of Original Bonds into the exchange agent's account at DTC;

(ii) a properly completed and duly executed letter of transmittal or an electronic message agreeing to be bound by the letter of transmittal properly transmitted through ATOP with any required signature guarantees; and

(iii) any other documents required by the letter of transmittal.

Conditions to the Exchange Offer

FPL is required to accept for exchange, and to issue Exchange Bonds in exchange for, any Original Bonds duly tendered and not validly withdrawn pursuant to this exchange offer and in accordance with the terms of this prospectus and the accompanying letter of transmittal.

FPL will not be required to accept for exchange, or to issue Exchange Bonds in exchange for, any Original Bonds, if:

- this exchange offer, or the making of any exchange by a holder, would violate applicable law, regulation or any applicable interpretation of the staff of the SEC;

- the Original Bonds are not tendered in accordance with the terms of this exchange offer;

- the holder of Original Bonds exchanged in this exchange offer has not represented that all Exchange Bonds to be received by it shall be acquired in the ordinary course of its business, that it is not an affiliate of FPL and that at the time of the consummation of this exchange offer it shall have no arrangement or understanding with any person to participate in any distribution (within the meaning of the Securities Act) of the Exchange Bonds and shall not have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of the registration statement of which this prospectus is a part available; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to this exchange offer that, in FPL's judgment, would reasonably be expected to impair FPL's ability to proceed with this exchange offer.

In addition, FPL will not be obligated to accept for exchange the Original Bonds of any holder who has not made to FPL the representations described under "The Exchange Offer—Resale of Exchange Bonds" and "Plan of Distribution."

If FPL determines in its reasonable discretion that any of the above conditions exist, FPL may:

- refuse to accept any tendered Original Bonds to which the above conditions apply and promptly return all such previously tendered Original Bonds to the tendering holders;

- extend this exchange offer and retain all Original Bonds tendered prior to the expiration date, subject, however, to the rights of holders who tendered the Original Bonds to withdraw their tendered Original Bonds; or

- waive the unsatisfied conditions with respect to this exchange offer and accept all validly tendered Original Bonds which have not been validly withdrawn. If the waiver constitutes a material change to this exchange offer, FPL will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders, and FPL will extend this exchange offer to the extent required by law.

Exchange Bonds will only be issued after the exchange agent timely receives (1) a properly completed and duly executed letter of transmittal (or facsimile or an agent's message in lieu thereof) and (2) all other required documents. FPL reserves the absolute right to waive any defects or irregularities in the tender or conditions of this exchange offer; however, FPL will not waive any condition with respect to an individual holder unless FPL waives the condition for all holders.

In addition, FPL will not accept for exchange any Original Bonds tendered, and no Exchange Bonds will be issued in exchange for those Original Bonds, if at such time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the Mortgage under the

Trust Indenture Act of 1939. In any of those events FPL is required to use every reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

Exchange Agent

FPL has appointed Deutsche Bank Trust Company Americas as the exchange agent for this exchange offer. You should direct questions and requests for assistance, in each case, with respect to exchange offer procedures, requests for additional copies of this prospectus or of the letter of transmittal, requests for the notice of guaranteed delivery with respect to the exchange of the Original Bonds, and deliver all executed letters of transmittal, to the exchange agent at the addresses listed below:

By Hand or Overnight Delivery:	**By Registered or Certified Mail:**
DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit 648 Grassmere Park Road Nashville, TN 37211	DB Services Tennessee, Inc. Trust and Securities Services Reorganization Unit P.O. Box 292737 Nashville, TN 37229-2737
By Facsimile Transmission:	**For Information:**
(615) 835-3701 to confirm by telephone (800) 735-7777	(800) 735-7777 or SPU-Reorg.Operations@db.com

Delivery to an address other than as listed above, or transmissions to a facsimile number other than as listed above, will not constitute a valid delivery.

Deutsche Bank Trust Company Americas is the trustee under the Mortgage governing the Original Bonds and the Exchange Bonds.

Solicitation of Tenders; Fees and Expenses

FPL will pay the expenses of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by telecopier, telephone or in person by officers and employees of FPL and of its affiliates.

FPL has not retained any dealer-manager in connection with this exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of this exchange offer. However, FPL will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with this exchange offer.

FPL will pay the estimated cash expenses to be incurred in connection with this exchange offer, including the following:

(i) fees and expenses of the exchange agent and the trustee;

(ii) SEC registration fees;

(iii) accounting and legal fees, including fees of one counsel for the holders of the Original Bonds; and

(iv) printing and mailing expenses.

Transfer Taxes

FPL will pay all transfer taxes, if any, applicable to the exchange of Original Bonds under this exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

(i) certificates representing Original Bonds for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Original Bonds tendered;

(ii) Exchange Bonds are to be delivered to, or issued in the name of, any person other than the registered holder of the Original Bonds tendered;

(iii) tendered Original Bonds are registered in the name of any person other than the person signing the letter of transmittal; or

(iv) a transfer tax is imposed for any reason other than the exchange of Original Bonds under this exchange offer.

If satisfactory evidence of payment of such transfer taxes is not submitted with the letter of transmittal, the amount of any transfer taxes will be billed to the tendering holder.

Accounting Treatment

FPL will record the Exchange Bonds at the same carrying value as the Original Bonds for which they are exchanged, which is the aggregate principal amount of the tendered Original Bonds as reflected in FPL's accounting records on the date this exchange offer is completed. Accordingly, FPL will not recognize any gain or loss for accounting purposes upon the exchange of Exchange Bonds for Original Bonds. FPL will amortize the expenses incurred in connection with the issuance of the Exchange Bonds over the term of the Exchange Bonds.

Appraisal or Dissenters' Rights

Holders of the Original Bonds will not have appraisal or dissenters' rights in connection with this exchange offer.

Miscellaneous

FPL reserves the right in its sole discretion to purchase or make offers for any Original Bonds that remain outstanding subsequent to the expiration date or, as set forth above under "—Conditions to the Exchange Offer," to terminate this exchange offer and, to the extent permitted by applicable law, purchase Remaining Original Bonds in the open market, in privately negotiated transactions or otherwise. The terms of these purchases or offers could differ from the terms of this exchange offer.

Consequences of Failure to Exchange

If you do not exchange your Original Bonds for Exchange Bonds pursuant to this exchange offer, you will continue to be subject to the restrictions on transfer of the Original Bonds as described in the legend on the Original Bonds. In general, the Original Bonds may be offered or sold only if registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Your participation in this exchange offer is voluntary, and you should carefully consider whether to participate. FPL urges you to consult your financial and tax advisors in making a decision whether or not to tender your Original Bonds. Please see "Material United States Federal Income Tax Consequences" below.

As a result of the making of, and upon acceptance for exchange of all validly tendered Original Bonds pursuant to the terms of, this exchange offer, FPL will have fulfilled a covenant contained in the registration rights agreement. If you do not tender your Original Bonds in this exchange offer, you will be entitled to all of the rights and limitations applicable to the Original Bonds under the Mortgage, except for any rights under the Mortgage or the registration rights agreement that by their terms end or cease to have further effectiveness as a result of the making of this exchange offer, including the right to require FPL to register your Original Bonds or pay additional interest. To the extent that Original Bonds are tendered and accepted in this exchange offer, the trading market for untendered, or tendered but unaccepted, Original Bonds could be adversely affected. Please see "Risk Factors" above.

FPL may in the future seek to acquire Remaining Original Bonds in open market or privately negotiated transactions through subsequent exchange offers or otherwise. However, FPL has no present plans to acquire any Original Bonds that are not tendered in this exchange offer or to file a registration statement to permit resales of any Remaining Original Bonds.

Holders of Original Bonds that remain outstanding after consummation of this exchange offer will vote together with any issued Exchange Bonds as a single series for purposes of determining whether holders of the requisite percentage thereof have taken certain actions or exercised certain rights under the Mortgage.

DESCRIPTION OF THE EXCHANGE BONDS

General. FPL will issue up to $300,000,000 aggregate principal amount of the Exchange Bonds in exchange for the same aggregate principal amount of the Original Bonds. The Exchange Bonds and the Original Bonds will constitute a single series of first mortgage bonds issued under FPL's Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, as Trustee, which has been amended and supplemented in the past and may be supplemented prior to this exchange. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the Original Bonds and the Exchange Bonds, are referred to herein as "First Mortgage Bonds." The One Hundred Tenth Supplemental Indenture, dated as of April 1, 2006, supplements the Mortgage and establishes the specific terms of the Original Bonds and the Exchange Bonds.

This section briefly summarizes some of the terms of the Exchange Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in the prospectus but that are defined in the Mortgage. This summary is not complete. You should read this summary together with the Mortgage and the supplemental indenture establishing the Exchange Bonds for a complete understanding of all the provisions. The Mortgage and the supplemental indenture have been previously filed with the SEC, and are exhibits to the exchange offer registration statement filed with the SEC of which this prospectus is a part. In addition, the Mortgage is qualified as an indenture under the Trust Indenture Act of 1939 and is therefore subject to the provisions of the Trust Indenture Act of 1939. You should read the Trust Indenture Act of 1939 for a complete understanding of its provisions.

The Exchange Bonds will be identical in all material respects to the Original Bonds, except that the registration rights and related additional interest provisions and transfer restrictions applicable to the Original Bonds are not applicable to the Exchange Bonds. The Exchange Bonds will be of the same series as the Original Bonds and will be considered a single series (along with any Remaining Original Bonds) for the purposes of any acts of holders such as voting and consents under the Mortgage. To the extent any Original Bonds are not exchanged for Exchange Bonds, those Remaining Original Bonds will remain outstanding and will rank pari passu with the Exchange Bonds. The Remaining Original Bonds will continue to be subject to restrictions on their transfer in accordance with the Securities Act. After the expiration of this exchange offer, holders of the Remaining Original Bonds will not have any further rights to have those bonds registered under the Securities Act, except in the limited circumstances described in the next sentence. The only holders that will have further registration rights are broker-dealers and holders, other than broker-dealers, (i) that were not permitted by applicable law or interpretations of the staff of the SEC to participate in the exchange offer or (ii) that participated in the exchange offer but do not receive freely tradeable Exchange Bonds on the date of the exchange. After this exchange offer, holders of the Remaining Original Bonds will not have any rights to additional interest on such Remaining Original Bonds. See "The Exchange Offer—Purpose of the Exchange Offer" for a description of additional interest.

Interest and Payment. FPL will pay interest semi-annually on the Exchange Bonds at 6.20% per year. The Exchange Bonds will mature on June 1, 2036. FPL will pay interest on the Exchange Bonds on June 1 and December 1 of each year (each an "Interest Payment Date"). The record date for interest payable on any Interest Payment Date on the Exchange Bonds shall be the close of business (1) on the business day immediately preceding such Interest Payment Date so long as the Exchange Bonds remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date if the Exchange Bonds do not remain in book-entry only form. See "—Book-Entry Only Issuance."

No interest will be paid in connection with this exchange offer. Interest on the Exchange Bonds will start accruing from and including the last date on which interest has been paid on the Original Bonds, but, if no interest has been paid on such Original Bonds, then from the date of their original issue. Accordingly, the holders of the Original Bonds that are accepted for exchange will not receive accrued but unpaid interest on those Original Bonds at the time of tender or exchange. Rather, any accrued and unpaid interest on those Original Bonds exchanged for Exchange Bonds will be paid on the Exchange Bonds on the first Interest Payment Date after the expiration of the exchange offer. Starting on the first Interest Payment Date after the expiration of the exchange offer, interest on each Exchange 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 Exchange Bond to but excluding the next succeeding Interest Payment Date. No interest will accrue on an Exchange Bond for the day that the Exchange 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 Exchange Bonds at the rate of 6% per year.

The Exchange Bonds will be issued only in denominations of $1,000 and in integral multiples of $1,000. The principal of and interest on the Exchange Bonds will be payable at the office or agency of FPL in the Borough of Manhattan, The City of New York. So long as the Exchange Bonds are solely registered in the name of Cede & Co., as nominee for DTC, FPL will make principal and interest payments to Cede & Co. Disbursement of such payments to the beneficial owners of the Exchange Bonds is the responsibility of DTC, DTC participants and indirect participants in DTC, all as described below under "—Book-Entry Only Issuance."

Redemption. FPL may redeem any of the Exchange Bonds at its option or if and when required by the Mortgage. FPL may redeem any of the Exchange 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 Exchange Bonds at least 30 days prior to a Redemption Date. If FPL redeems all or any part of the Exchange Bonds, it will pay a redemption price ("Redemption Price") equal to the sum of:

(1) 100% of the principal amount of the Exchange 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 Exchange Bonds will never be less than 100% of the principal amount of those Exchange Bonds plus accrued and unpaid interest on those Exchange Bonds to the Redemption Date.

The amount of the make-whole premium with respect to any Exchange 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 Exchange 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 Exchange Bonds being redeemed; over

(2) the principal amount of the Exchange 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.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 Barclays Capital Inc., J.P. Morgan Securities Inc. or Scotia Capital (USA) 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 as an "Independent Investment Banker."

For purposes of determining the make-whole premium, "Treasury Yield" means a rate of interest per year 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 Exchange 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 Exchange Bonds, the Trustee will select the particular Exchange Bonds to be redeemed by proration among registered holders of the Exchange Bonds and the Remaining Original Bonds or, in some cases, by such other method that it deems proper as provided in the Mortgage. However, if the Exchange Bonds are solely registered in the name of Cede & Co. and traded through DTC, then DTC will select the Exchange Bonds to be redeemed in accordance with its practices as described below in "—Book-Entry Only Issuance."

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.

Special Provisions for Retirement of Exchange 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.

Security. The Mortgage secures the Exchange 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 Exchange Bonds.

Issuance of Additional First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage 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 First Mortgage Bonds if the issuance is based on retired First Mortgage Bonds or Qualified Lien Bonds.

As of September 30, 2006, FPL could have issued under the Mortgage in excess of $6.1 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of $5.7 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 September 30, 2006, 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 Exchange 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. Since all of the First Mortgage Bonds issued on or prior to April 30, 1992 have matured or have been redeemed and are no longer outstanding under the Mortgage, FPL may exercise this right to amend the Mortgage at any time.

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.

Book-Entry Only Issuance. The Exchange Bonds will trade through DTC. The Exchange Bonds will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee.

Upon issuance of the global securities, DTC or its nominee will credit, on its book-entry registration and transfer system, the respective principal amount of Exchange Bonds represented by such global securities to the account of institutions that have an account with DTC or its participants. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants.

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 the post-trade settlement of securities transactions among its participants through electronic computerized book-entry transfers and pledges 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 organizations. 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 SEC.

Purchases of the Exchange Bonds within the DTC system must be made through participants, which will receive a credit for the Exchange Bonds on DTC's records. The beneficial ownership interest of each purchaser will be recorded on the appropriate participant's 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 Exchange Bonds. Transfers of ownership in the Exchange Bonds are to be accomplished by entries made on the books of the participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates for their Exchange Bonds, except if use of the book-entry system for the Exchange Bonds is discontinued.

To facilitate subsequent transfers, all Exchange Bonds deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the Exchange 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 Exchange Bonds. DTC's records reflect only the identity of the participants to whose accounts such Exchange 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 Exchange Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Exchange Bonds, such as redemptions, tenders, defaults and proposed amendments to the Exchange Bonds. Beneficial owners of the Exchange Bonds may wish to ascertain that the nominee holding the Exchange Bonds has agreed to obtain and transmit notices to the beneficial owners.

Redemption notices will be sent to Cede & Co., as registered holder of the Exchange Bonds. If less than all of the Exchange Bonds are being redeemed, DTC's practice is to determine by lot the amount of Exchange Bonds of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Exchange Bonds, unless authorized by a participant in accordance with DTC's procedures. 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 Exchange 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 Exchange Bonds.

Payments of redemption proceeds, principal of, and interest on the Exchange 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 upon DTC's receipt of funds and corresponding detail information from FPL or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. 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 (the Trustee under the Mortgage) or FPL, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 or a prospectus supplement, a beneficial owner will not be entitled to receive physical delivery of the Exchange Bonds. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Exchange Bonds.

DTC may discontinue providing its services as securities depositary with respect to the Exchange Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depositary is obtained, certificates for the Exchange Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depositary. Additionally, subject to the procedures of DTC, FPL may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary) with respect to some or all of the Exchange Bonds. In that event, certificates for the Exchange Bonds will be printed and delivered. If certificates for the Exchange Bonds are printed and delivered,

- the Exchange Bonds will be issued in fully registered form without coupons;
- a holder of certificated Exchange Bonds would be able to exchange those Exchange Bonds, without charge, for an equal aggregate principal amount of Exchange Bonds of the same series, having the same issue date and with identical terms and provisions; and
- a holder of certificated Exchange Bonds would be able to transfer those Exchange Bonds without cost to the holder, other than for applicable stamp taxes or other governmental charges.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that FPL believes to be reliable. FPL does not take responsibility for the accuracy of this information.

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

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain of the material United States federal income tax consequences of exchanging Original Bonds for Exchange Bonds and of the ownership and disposition of the Exchange Bonds as of the date of this prospectus. Thelen Reid & Priest LLP, FPL's counsel, is of the opinion that, insofar as it relates to matters of law or legal conclusions, the following summary is accurate in all material respects. This summary is limited to Exchange Bonds held as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not deal with special situations, such as those of dealers or traders in securities or currencies, banks, financial institutions, tax-exempt organizations, life insurance companies, real estate investment trusts, regulated investment companies, persons holding Exchange Bonds as a part of a hedging or conversion transaction or a straddle, persons who mark to market their securities, persons whose functional currency is not the United States dollar or former United States citizens or long-term residents who are subject to special rules on account of their loss of United Stated citizenship or resident alien status. In addition, this discussion does not address the tax consequences to persons who purchased Original Bonds other than pursuant to their initial issuance and distribution, and who acquire Exchange Bonds other than in this exchange offer for cash at their original issue price. It also does not include any description of any alternative minimum tax consequences or the tax laws of any state, local or foreign jurisdiction.

The discussion below is based upon the provisions of the Internal Revenue Code, Treasury Regulations promulgated under the Internal Revenue Code, and administrative rulings and judicial decisions under the Internal Revenue Code as of the date of this prospectus, all of which may be repealed, revoked or modified at any time, with either forward-looking or retroactive effect, so as to result in United States federal income tax consequences different from those discussed below.

Prospective holders of Exchange Bonds are advised to consult with their tax advisors as to the United States federal income tax consequences of the ownership and disposition of Exchange Bonds in light of their particular circumstances, as well as the effect of any state, local or other tax laws.

As used in this discussion, a "United States Holder" means a beneficial owner of an Original Bond or an Exchange Bond that is (i) a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for United States federal income tax purposes created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust, the administration of which is subject to the primary supervision of a court within the United States and for which one or more United States persons have the authority to control all substantial decisions. If a partnership or other entity treated as a partnership for United States federal income tax purposes holds an Original Bond or an Exchange Bond, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any such partner should consult its tax advisor as to the tax consequences. As used in this discussion, the term "Non-United States Holder" means a beneficial owner of an Original Bond or an Exchange Bond that is not a United States Holder or a partnership for United States federal income tax purposes.

Exchange of Original Bonds for Exchange Bonds

An exchange of Original Bonds for Exchange Bonds in this exchange offer will not constitute a taxable exchange of the bonds for United States federal income tax purposes. Rather, the Exchange Bonds will be treated as a continuation of the Original Bonds. As a result, a holder will not recognize any income, gain or loss for United States federal income tax purposes upon the exchange of Original Bonds for Exchange Bonds, and the holder will have the same tax basis and holding period in the holder's Exchange Bonds as the holder had in the Original Bonds immediately before the exchange.

United States Holders

Payments of Interest

Stated interest on an Exchange Bond will be taxable to a United States Holder as ordinary income at the time it is paid or accrued in accordance with the holder's method of accounting for United States federal tax purposes.

Sale, Exchange and Retirement of the Exchange Bonds

Upon the sale, exchange or retirement of Exchange Bonds, including a deemed disposition for United States federal income tax purposes, a United States Holder generally will recognize gain or loss equal to the difference between (i) the amount realized upon the sale, exchange or retirement (other than amounts attributable to accrued but unpaid interest which are treated as interest, as described above), and (ii) the holder's adjusted tax basis in the Exchange Bonds. The holder's adjusted tax basis in the Exchange Bonds will be, in general, its initial purchase price for the Original Bonds it is exchanging. The gain or loss upon the sale, exchange or retirement of the Exchange Bonds will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement, the Exchange Bonds are treated as having been held for more than one year. Under current law, the deductibility of capital losses is subject to limitations. Under current law, long term capital gain of a non-corporate United States Holder is generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. A United States Holder who sells the Exchange Bonds at a loss that meets certain thresholds may be required to file a disclosure statement with the IRS.

Non-United States Holders

Non-United States Holders Not Engaged in a Trade of Business Within the United States

Payments of Interest

Except as described in the following paragraph and subject to the discussion of backup withholding below, a Non-United States Holder will not be subject to federal income tax on interest received on the Exchange Bonds if the interest is not effectively connected with a trade or business that the non-United States Holder conducts within the United States. To obtain this tax-free treatment, the holder or a financial institution acting on behalf of the

holder must file a statement with FPL or FPL's paying agent confirming that the holder is the beneficial owner of the Exchange Bonds and is not a United States person. The holder should make the statement on IRS Form W-8BEN, which requires the holder to certify, under penalties of perjury, the holder's name, address and status as a non-United States person. Alternatively, a financial institution holding the Exchange Bonds on behalf of the holder may file a statement confirming the holder's status as a non-United States person if the financial institution is in possession of documentary evidence of the non-United States status, as prescribed in the Treasury Regulations. However, if FPL has actual knowledge or reason to know that the beneficial owner of the Exchange Bonds is a United States Holder, FPL must disregard any certificate or statement to the contrary and withhold federal income tax.

The exemption described above is not available to a Non-United States Holder that (a) fails to provide the documentation required by the above paragraph, (b) owns 10% or more of FPL's stock, either actually or by application of constructive ownership rules, or (c) is a controlled foreign corporation related to FPL through stock ownership. FPL will withhold federal income tax at the rate of 30% or lower treaty rate, if applicable, in the case of interest payments to holders described in this paragraph.

Sale, Exchange and Retirement of the Exchange Bonds

A Non-United States Holder generally will not be subject to United States federal income tax with respect to gain recognized on a sale, exchange or retirement of an Exchange Bond, including a deemed disposition for United States federal income tax purposes, unless (1) the gain is effectively connected with the Non-United States Holder's trade or business in the United States (discussed below); or (2) in the case of a Non-United States Holder who is an individual and holds the Exchange Bond as a capital asset, the holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met. However, any amount attributable to accrued but unpaid interest on the Exchange Bond will be treated in the same manner as payments of interest on the Exchange Bond made to the Non-United States Holder, as described above.

Non-United States Holders Engaged in a Trade of Business Within the United States

Payments of Interest

Interest paid on an Exchange Bond that is effectively connected with the conduct by a Non-United States Holder of a trade or business in the United States is generally taxed at the graduated rates that are applicable to United States persons. In the case of a Non-United States Holder that is a corporation, effectively connected earnings and profits, which may include effectively connected interest received on the Exchange Bonds, that are not currently distributed may also be subject to the United States federal branch profits tax at a 30% rate, unless the tax is reduced or eliminated by an applicable income tax treaty. FPL will not withhold United States federal income tax on interest paid on an Exchange Bond to a Non-United States Holder if the holder furnishes FPL with IRS Form W-8ECI establishing that the interest is effectively connected. If a Non-United States Holder engaged in a trade or business within the United States receives interest that is not effectively connected with the trade or business, the interest will be taxed in the manner described above in the case of Non-United States Holders who are not engaged in a trade or business within the United States.

Sale, Exchange or Retirement of the Exchange Bonds

Gain derived by a Non-United States Holder from the sale or other disposition (including a deemed disposition for United States federal income tax purposes) of an Exchange Bond that is effectively connected with the conduct by the holder of a trade or business in the United States is generally taxed at the graduated rates that are applicable to United States persons. In the case of a Non-United States Holder that is a corporation, effectively connected income may also be subject to the United States federal branch profits tax.

Information Reporting and Backup Withholding

Payments to United States Holders of interest on, and the proceeds from the sale, retirement or other disposition of Exchange Bonds are subject to information reporting unless the holder establishes an exemption.

Payments to United States Holders of interest on, or the proceeds from the sale, retirement, or other disposition of the Exchange Bonds may be subject to "backup withholding" tax at the applicable rate (currently 28%) if (a) the holder fails to certify his or her correct social security number or other taxpayer identification number ("TIN") to the payor responsible for backup withholding (for example, the Holder's securities broker) on IRS Form W-9 or a substantially similar form signed under penalty of perjury, or (b) the Internal Revenue Service notifies the payor that the holder is subject to backup withholding due to the holder's failure to properly report interest and dividends on his or her tax return.

Backup withholding does not apply to interest payments made to exempt recipients, such as corporations.

Non-United States Holders will be subject to backup withholding and information reporting with respect to payments of principal or interest on the Exchange Bonds unless (i) the holder provides a properly completed and signed IRS Form W-8BEN (or acceptable substitute) and the payor does not have actual knowledge or reason to know that the form is incorrect, or (ii) the beneficial owner otherwise establishes an exemption.

In addition, Non-United States Holders generally will not be subject to information reporting or backup withholding with respect to payments of principal or interest on the Exchange Bonds paid or collected by a foreign office of a custodian, nominee or other foreign agent on behalf of the holder, or with respect to the payment of the proceeds of the sale of Exchange Bonds to the holder by a foreign office of a broker. If, however, the foreign office acting for a Non-United States Holder is an office of a United States person, a controlled foreign corporation or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a United States trade or business, or a foreign partnership with certain connections to the United States, payments of principal, interest or proceeds will be subject to information reporting unless (i) the custodian, nominee, agent or broker has documentary evidence that the beneficial owner is not a United States person and certain other conditions are met, or (ii) the beneficial owner otherwise establishes an exemption. Payments that are subject to information reporting as described in the preceding sentence will not be subject to backup withholding unless the payor has actual knowledge or reason to know that the payee is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit or a refund against the holder's United States federal income tax liability, if certain required information is provided to the Internal Revenue Service.

PLAN OF DISTRIBUTION

As discussed under "The Exchange Offer," based on an interpretation of the staff of the SEC, FPL believes that the Exchange Bonds issued pursuant to this exchange offer may be offered for resale and resold or otherwise transferred by a holder of such Exchange Bonds, other than any such holder which is an "affiliate" of FPL within the meaning of Rule 405 under the Securities Act and except as otherwise discussed below with respect to holders that are broker-dealers, without further compliance with the registration and prospectus delivery requirements of the Securities Act so long as such Exchange Bonds are acquired in the ordinary course of the holder's business and the holder has no arrangement or understanding with any person to participate in the distribution, within the meaning of the Securities Act, of that holder's Exchange Bonds.

Each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Bonds. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds where those Original Bonds were acquired as a result of market-making activities or other trading activities. FPL has agreed that, for a period of 90 days after the consummation of this exchange offer, FPL will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

FPL will not receive any proceeds from the issuance of Exchange Bonds. Exchange Bonds received by broker-dealers for their own account pursuant to this exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Bonds or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Any such resale may be made directly to

purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Bonds. Any broker-dealer that resells Exchange Bonds that were received by it for its own account as a result of market-making activities or other trading activities pursuant to this exchange offer and any broker-dealer that participates in a distribution of any such Exchange Bonds may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Bonds and any commissions or concessions received by any such persons may be deemed to be "underwriting compensation" under the Securities Act. Such broker-dealer must therefore deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Bonds received by such broker-dealer in the exchange offer. The accompanying letter of transmittal states that a broker-dealer, by acknowledging that it will deliver and by delivering a prospectus, will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the consummation of this exchange offer, FPL will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. FPL has agreed with the initial purchasers of the Original Bonds to pay expenses incident to this exchange offer, including the expenses of one counsel for the holders of the Original Bonds, other than commissions or commissions of any brokers or dealers and will indemnify the holders of the Original Bonds (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act, as set forth in the registration rights agreement.

By acceptance of this exchange offer, each broker-dealer that receives Exchange Bonds for its own account pursuant to this exchange offer agrees that, upon receipt of notice from FPL of the happening of any event which makes any statement in this prospectus untrue in any material respect or requires the making of any changes in this prospectus in order to make the statements therein not misleading, which notice FPL agrees to deliver promptly to such broker-dealer, such broker-dealer will suspend use of this prospectus until FPL has amended or supplemented this prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented prospectus to such broker-dealer.

The interpretation of the staff of the SEC referred to in the first paragraph of this section does not apply to, and this prospectus may not be used in connection with, the resale by any broker-dealer of any Exchange Bonds received in exchange for an unsold allotment of Original Bonds purchased directly from FPL.

There is currently no established trading market for the Exchange Bonds, and there is no assurance that a market will develop since FPL does not intend to apply for listing of the Exchange Bonds on any securities exchange or to arrange for the Exchange Bonds to be quoted on any automated quotation system. FPL cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, Exchange Bonds.

EXPERTS

The consolidated financial statements and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from Florida Power & Light Company's Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

Squire, Sanders & Dempsey L.L.P., Miami, Florida, and Thelen Reid & Priest LLP, New York, New York, co-counsel to FPL, will pass upon the legality of the Exchange Bonds for FPL. Thelen Reid & Priest LLP may rely as to all matters of Florida law upon the opinion of Squire, Sanders & Dempsey L.L.P. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Thelen Reid & Priest LLP.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. FPL has not authorized anyone else to provide you with additional or 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 or any prospectus supplement 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.

Florida Power & Light Company

OFFER TO EXCHANGE

$300,000,000
Registered First Mortgage Bonds,
6.20% Series due June 1, 2036
for any or all
Unregistered First Mortgage Bonds,
6.20% Series due June 1, 2036

PROSPECTUS

November 29, 2006

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 **March 31, 2006**

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
2-27612	**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.
FPL Group, Inc. Yes __X__ No ____ Florida Power & Light Company Yes ____ No __X__

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer and accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934.
FPL Group, Inc. Large Accelerated Filer __X__ Accelerated Filer ____ Non-Accelerated Filer ____
Florida Power & Light Company Large Accelerated Filer ____ Accelerated Filer ____ Non-Accelerated Filer __X__

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ____ No __X__

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 March 31, 2006: 404,257,204 shares.

As of March 31, 2006, 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.

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.

Florida Power & Light Company meets the conditions set forth under General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with reduced disclosure format.

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FPL Group, Inc., Florida Power & Light Company, FPL Group Capital Inc and FPL Energy, LLC each have subsidiaries and affiliates with names that include FPL, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms FPL Group, FPL, FPL Group Capital and FPL Energy are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will, likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL Group, Inc.'s (FPL Group's) and/or Florida Power & Light Company's (FPL's) operations and financial results, and could cause FPL Group's and/or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

- FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.

- The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.

- The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL could be adversely affected.

- The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL.

- FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group.

- FPL Group's ability to successfully identify, complete and integrate acquisitions, including the proposed merger with Constellation Energy Group, Inc. (Constellation Energy) is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

- FPL Group's pending merger with Constellation Energy is subject to receipt of consents or approvals from governmental entities that could delay or prevent the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.
- The anticipated benefits of combining FPL Group and Constellation Energy may not be realized.
- FPL Group and FPL will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect their businesses.
- Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL Group and FPL to grow their businesses and would likely increase interest costs.
- Customer growth in FPL's service area affects FPL Group's results of operations.
- Weather affects FPL Group's and FPL's results of operations.
- FPL Group and FPL are subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.
- Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL Group and FPL in unpredictable ways.
- The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.
- FPL Group and FPL are subject to employee workforce factors that could affect the businesses and financial condition of FPL Group and FPL.

These and other risk factors are included in this report in Part II, Item 1A. Risk Factors and in Part I, Item 1A. Risk Factors of FPL Group's and FPL's Annual Report on Form 10-K for the year ended December 31, 2005. Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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,	
	2006	2005
OPERATING REVENUES	$3,584	$2,437
OPERATING EXPENSES		
Fuel, purchased power and interchange	2,053	1,238
Other operations and maintenance	474	415
Merger-related	5	-
Amortization of storm reserve deficiency	32	19
Depreciation and amortization	286	307
Taxes other than income taxes	266	224
Total operating expenses	3,116	2,203
OPERATING INCOME	468	234
OTHER INCOME (DEDUCTIONS)		
Interest charges	(169)	(138)
Equity in earnings of equity method investees	11	19
Gains on disposal of equity method investees and leveraged leases – net	-	15
Allowance for equity funds used during construction	4	10
Interest income	8	15
Other – net	1	4
Total other deductions – net	(145)	(75)
INCOME BEFORE INCOME TAXES	323	159
INCOME TAXES	75	22
NET INCOME	$ 248	$ 137
Earnings per share of common stock:		
Basic	$ 0.64	$ 0.37
Assuming dilution	$ 0.63	$ 0.36
Dividends per share of common stock	$0.375	$0.355
Weighted-average number of common shares outstanding:		
Basic	389.2	370.7
Assuming dilution	392.9	376.7

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, 2005 (2005 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2006	December 31, 2005
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 32,473	$ 31,886
Nuclear fuel	603	520
Construction work in progress	1,342	945
Less accumulated depreciation and amortization	(11,133)	(10,888)
Total property, plant and equipment – net	23,285	22,463
CURRENT ASSETS		
Cash and cash equivalents	148	530
Customer receivables, net of allowances of $31 and $34, respectively	1,096	1,064
Other receivables, net of allowances of $9 and $9, respectively	433	366
Materials, supplies and fossil fuel inventory – at average cost	747	567
Regulatory assets:		
Deferred clause and franchise expenses	687	795
Storm reserve deficiency	157	156
Derivatives	6	-
Other	7	7
Derivatives	245	1,074
Other	496	428
Total current assets	4,022	4,987
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,644	2,401
Other investments	446	467
Regulatory assets:		
Storm reserve deficiency	879	957
Deferred clause expenses	108	307
Unamortized loss on reacquired debt	41	42
Other	42	37
Other	1,369	1,343
Total other assets	5,529	5,554
TOTAL ASSETS	$ 32,836	$ 33,004
CAPITALIZATION		
Common stock	$ 4	$ 4
Additional paid-in capital	4,461	4,182
Retained earnings	4,606	4,506
Accumulated other comprehensive loss	(130)	(193)
Total common shareholders' equity	8,941	8,499
Long-term debt	7,828	8,039
Total capitalization	16,769	16,538
CURRENT LIABILITIES		
Commercial paper	1,343	1,159
Notes payable	300	-
Current maturities of long-term debt	1,976	1,404
Accounts payable	926	1,245
Customer deposits	445	433
Margin cash deposits	9	393
Accrued interest and taxes	370	253
Regulatory liabilities:		
Deferred clause and franchise revenues	38	32
Derivatives	-	757
Derivatives	382	463
Other	701	1,128
Total current liabilities	6,490	7,267
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,870	1,685
Accumulated deferred income taxes	3,265	3,015
Regulatory liabilities:		
Accrued asset removal costs	2,008	2,033
Asset retirement obligation regulatory expense difference	812	786
Unamortized investment tax credits	57	62
Other	95	90
Other	1,470	1,528
Total other liabilities and deferred credits	9,577	9,199
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 32,836	$ 33,004

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Three Months Ended March 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 248	$ 137
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	276	297
Nuclear fuel amortization	34	23
Storm-related costs of FPL	(282)	(196)
Amortization of storm reserve deficiency	32	19
Unrealized (gains) losses on marked to market energy contracts	(61)	47
Deferred income taxes and related regulatory credit	132	190
Cost recovery clauses and franchise fees	312	67
Equity in earnings of equity method investees	(11)	(19)
Distribution of earnings from equity method investees	26	1
Changes in operating assets and liabilities:		
Customer receivables	(32)	(40)
Other receivables	29	(17)
Material, supplies and fossil fuel inventory	(167)	(49)
Other current assets	(9)	5
Deferred pension cost	(24)	(23)
Accounts payable	(295)	(81)
Customer deposits	11	7
Margin cash deposits	(384)	5
Income taxes	(83)	(158)
Interest and other taxes	114	115
Other current liabilities	(73)	(110)
Other liabilities	49	(11)
Other – net	41	5
Net cash provided by (used in) operating activities	(117)	214
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(487)	(378)
Independent power investments	(639)	(296)
Nuclear fuel purchases	(61)	(22)
Sale of independent power investments	-	8
Proceeds from sale of securities in nuclear decommissioning funds	651	667
Purchases of securities in nuclear decommissioning and storm funds	(670)	(702)
Proceeds from sale of other securities	20	24
Purchases of other securities	(31)	(34)
Funding of secured loan	-	(27)
Proceeds from termination of leveraged lease	-	43
Other – net	(16)	(3)
Net cash used in investing activities	(1,233)	(720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	392	506
Retirements of long-term debt	(37)	(607)
Retirements of preferred stock – FPL	-	(5)
Net change in short-term debt	484	200
Proceeds from purchased Corporate Units	210	-
Payments to terminate Corporate Units	(258)	-
Issuances of common stock	299	603
Dividends on common stock	(148)	(135)
Other – net	26	(40)
Net cash provided by financing activities	968	522
Net increase (decrease) in cash and cash equivalents	(382)	16
Cash and cash equivalents at beginning of period	530	225
Cash and cash equivalents at end of period	$ 148	$ 241

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions)
(unaudited)

	Three Months Ended March 31,	
	2006	2005
OPERATING REVENUES	$ 2,584	$ 2,041
OPERATING EXPENSES		
Fuel, purchased power and interchange	1,538	1,077
Other operations and maintenance	330	310
Amortization of storm reserve deficiency	32	19
Depreciation and amortization	195	230
Taxes other than income taxes	243	204
Total operating expenses	2,338	1,840
OPERATING INCOME	246	201
OTHER INCOME (DEDUCTIONS)		
Interest charges	(68)	(49)
Allowance for equity funds used during construction	4	10
Other – net	(1)	2
Total other deductions – net	(65)	(37)
INCOME BEFORE INCOME TAXES	181	164
INCOME TAXES	59	53
NET INCOME	$ 122	$ 111

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	March 31, 2006	December 31, 2005
ELECTRIC UTILITY PLANT		
Plant in service	$ 23,391	$ 23,251
Nuclear fuel	413	380
Construction work in progress	958	776
Less accumulated depreciation and amortization	(9,664)	(9,530)
Electric utility plant – net	15,098	14,877
CURRENT ASSETS		
Cash and cash equivalents	51	56
Customer receivables, net of allowances of $16 and $20, respectively	714	653
Other receivables, net of allowances of $1 and $1, respectively	155	313
Materials, supplies and fossil fuel inventory – at average cost	561	449
Regulatory assets:		
Deferred clause and franchise expenses	687	795
Storm reserve deficiency	157	156
Derivatives	6	-
Other	7	7
Derivatives	79	828
Other	140	212
Total current assets	2,557	3,469
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,129	2,083
Regulatory assets:		
Storm reserve deficiency	879	957
Deferred clause expenses	108	307
Unamortized loss on reacquired debt	41	42
Other	42	37
Other	979	954
Total other assets	4,178	4,380
TOTAL ASSETS	$ 21,833	$ 22,726
CAPITALIZATION		
Common stock	$ 1,373	$ 1,373
Additional paid-in capital	4,318	4,318
Retained earnings	1,168	1,046
Total common shareholder's equity	6,859	6,737
Long-term debt	3,665	3,271
Total capitalization	10,524	10,008
CURRENT LIABILITIES		
Commercial paper	1,029	1,159
Notes payable	300	-
Current maturities of long-term debt	135	135
Accounts payable	660	863
Customer deposits	433	423
Margin cash deposits	-	382
Accrued interest and taxes	267	174
Regulatory liabilities:		
Deferred clause and franchise revenues	38	32
Derivatives	-	757
Other	586	929
Total current liabilities	3,448	4,854
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,493	1,474
Accumulated deferred income taxes	2,610	2,647
Regulatory liabilities:		
Accrued asset removal costs	2,008	2,033
Asset retirement obligation regulatory expense difference	812	786
Unamortized investment tax credits	57	62
Other	95	90
Other	786	772
Total other liabilities and deferred credits	7,861	7,864
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 21,833	$ 22,726

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 122	$ 111
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	184	219
Nuclear fuel amortization	24	17
Storm-related costs	(282)	(196)
Amortization of storm reserve deficiency	32	19
Deferred income taxes and related regulatory credit	62	97
Cost recovery clauses and franchise fees	312	67
Changes in operating assets and liabilities:		
Customer receivables	(61)	16
Other receivables	27	16
Material, supplies and fossil fuel inventory	(113)	(49)
Other current assets	(17)	(3)
Deferred pension cost	(20)	(18)
Accounts payable	(177)	(95)
Customer deposits	10	7
Margin cash deposits	(382)	-
Income taxes	139	3
Interest and other taxes	92	88
Other current liabilities	(53)	(37)
Other liabilities	39	(7)
Other – net	35	9
Net cash provided by (used in) operating activities	(27)	264
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(487)	(378)
Nuclear fuel purchases	(34)	(21)
Proceeds from sale of securities in nuclear decommissioning funds	634	659
Purchases of securities in nuclear decommissioning and storm funds	(652)	(690)
Other – net	(1)	(3)
Net cash used in investing activities	(540)	(433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	392	-
Retirements of preferred stock	-	(25)
Net change in short-term debt	170	200
Net cash provided by financing activities	562	175
Net increase (decrease) in cash and cash equivalents	(5)	6
Cash and cash equivalents at beginning of period	56	65
Cash and cash equivalents at end of period	$ 51	$ 71

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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 2005 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 condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Employee Retirement Benefits

Employee Benefit Plans and Other Postretirement Plan – FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries. FPL Group also has a supplemental executive retirement plan (SERP) which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. See Supplemental Retirement Plan below. In addition to pension benefits, FPL Group sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of FPL Group and its subsidiaries meeting certain eligibility requirements.

The following table provides the components of net periodic benefit (income) cost for the plans:

	Pension Benefits		Other Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2006	2005	2006	2005
	(millions)			
Service cost	$ 13	$ 13	$ 1	$ 2
Interest cost	22	22	6	6
Expected return on plan assets	(53)	(53)	(1)	(1)
Amortization of transition obligation	-	-	1	1
Amortization of prior service benefit	(1)	(1)	-	-
Amortization of (gains) losses	(4)	(4)	-	1
Other	-	-	2	-
Net periodic benefit (income) cost at FPL Group	$ (23)	$ (23)	$ 9	$ 9
Net periodic benefit (income) cost at FPL	$ (19)	$ (18)	$ 8	$ 8

Supplemental Retirement Plan – FPL Group has a SERP which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. The cost of this SERP component is included in the determination of net periodic benefit income for pension benefits in the preceding table and amounted to approximately $1 million and $1 million for FPL Group for the three months ended March 31, 2006 and 2005, respectively.

2. Derivative Instruments

Derivative instruments, when required to be marked to market under Statement of Financial Accounting Standards No. (FAS) 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value.

FPL Group's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	FPL Group		FPL	
	March 31, 2006	December 31, 2005	March 31, 2006	December 31, 2005
	(millions)			
Current derivative assets	$ 245	$ 1,074	$ 79	$ 828
Other assets	71	62	6	-
Current derivative liabilities	(382)	(463)	(31) [a]	-
Other liabilities	(264)	(387)	-	-
Total mark-to-mark derivative instrument assets (liabilities)	$ (330)	$ 286	$ 54	$ 828

[a] Included in other current liabilities on FPL's condensed consolidated balance sheets

FPL Group and FPL use derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate risk associated with long-term debt. In addition, FPL Group and FPL use derivatives 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 are passed through the fuel and purchased power cost recovery clause (fuel clause) and the capacity cost recovery clause (capacity clause). For FPL Group's non-rate regulated operations, predominantly FPL Energy, LLC (FPL Energy), essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income unless hedge accounting is applied. 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 in offsetting the hedged risk. Additionally, for hedges of commodity price risks, physical delivery for forecasted commodity transactions must be probable. FPL Group believes that where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has not occurred. Transactions for which physical delivery is deemed to have not occurred are presented on a net basis. Generally, 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.

At March 31, 2006, FPL Group had cash flow hedges with expiration dates through December 2010 for energy contract derivative instruments, and interest rate cash flow hedges with expiration dates through November 2019. 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 net unrealized gains (losses) on these hedges flows through earnings in the current period and amounted to $7 million and $(5) million for the three months ended March 31, 2006 and March 31, 2005, respectively. Settlement gains and losses are included within the line items in the statements of income to which they relate.

FPL Group's unrealized mark-to-market gains (losses) on derivative transactions reflected in the condensed consolidated statements of income for consolidated subsidiaries and equity method investees are as follows:

	Three Months Ended March 31,	
	2006	2005
	(millions)	
Consolidated subsidiaries	$ 61	$ (47)
Equity method investees	$ (10)	$ -

3. Comprehensive Income

FPL Group's comprehensive income is as follows:

	Three Months Ended March 31,	
	2006	2005
	(millions)	
Net income of FPL Group	$ 248	$ 137
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $27 tax expense and $43 tax benefit, respectively)	39	(62)
Reclassification from other comprehensive income (OCI) to net income (net of $9 and $5 tax expense, respectively)	13	8
Net unrealized gains on interest rate cash flow hedges:		
Effective portion of net unrealized gains (net of $3 and $2 tax expense, respectively)	5	3
Reclassification from OCI to net income (net of $1 tax expense in 2005)	-	1
Net unrealized gains (losses) on available for sale securities (net of $3 tax expense and $3 tax benefit, respectively)	5	(5)
Supplemental retirement plan liability adjustment (net of $0.5 tax expense in 2006)	1	-
Comprehensive income of FPL Group	$ 311	$ 82

Approximately $68 million of losses included in FPL Group's accumulated other comprehensive loss at March 31, 2006 will be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or interest payments are made. Such amount assumes no change in fuel prices, power prices or interest rates. Accumulated other comprehensive loss is separately displayed on the condensed consolidated balance sheets of FPL Group.

4. Common Stock

Earnings Per Share – The reconciliation of FPL Group's basic and diluted earnings per share of common stock is shown below:

	Three Months Ended March 31,	
	2006	2005
	(millions, except per share amounts)	
Numerator – *net income*	$ 248	$ 137
Denominator:		
Weighted-average number of common shares outstanding – basic	389.2	370.7
Restricted stock, performance share and shareholder value awards, options, warrants and equity units [a]	3.7	6.0
Weighted-average number of common shares outstanding – assuming dilution	392.9	376.7
Earnings per share of common stock:		
Basic	$ 0.64	$ 0.37
Assuming dilution	$ 0.63	$ 0.36

[a] Performance share awards and shareholder value awards are included in diluted weighted-average number of common shares outstanding based upon what would be issued if the end of the reporting period were the end of the term of the award. Restricted stock, performance share awards, shareholder value awards, options, warrants and equity units (known as Corporate Units) are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable upon the exercise of stock options which were not included in the denominator above due to their antidilutive effect were approximately 0.3 million and 0.4 million for the three months ended March 31, 2006 and 2005, respectively.

In February 2006, FPL Group issued approximately 8.7 million shares of common stock upon settlement of the stock purchase contracts issued in connection with its 8% Corporate Units. See Note 7.

Stock-Based Compensation – Effective January 1, 2006, FPL Group adopted FAS 123(R), "Share-Based Payment," using the modified prospective application transition method. Accordingly, the condensed consolidated balance sheet as of December 31, 2005 and the condensed consolidated statements of income and cash flows for the three months ended March 31, 2005 do not reflect any restated amounts. Because FPL Group adopted the fair value recognition provisions of FAS 123, "Accounting for Stock-Based Compensation," in 2004, the adoption of FAS 123(R) did not have a significant effect on FPL Group's financial statements for the three months ended March 31, 2006.

Net income for the three months ended March 31, 2006 and 2005 includes $9 million and $6 million, respectively, of compensation costs, and $4 million and $2 million, respectively, of income tax benefits, related to FPL Group's stock-based compensation arrangements. As of March 31, 2006, there was $58 million of unrecognized compensation costs related to nonvested/nonexercisable share-based compensation arrangements. These costs are expected to be recognized over a weighted average period of 1.8 years. For awards granted subsequent to December 31, 2005, compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. For awards granted prior to that date, compensation costs for awards with graded vesting are recognized using the graded vesting attribution method.

At March 31, 2006, approximately 26.6 million shares of common stock were authorized and 18.9 million were available for awards (including outstanding awards) to officers, employees and non-employee directors of FPL Group and its subsidiaries under FPL Group's long-term incentive plan (LTIP) and non-employee directors stock plan. FPL Group satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. FPL Group satisfies stock option exercises by issuing new shares of its common stock.

Restricted Stock and Performance Share Awards – Restricted stock typically vests within three years and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of FPL Group common stock as of the date of grant. Performance share awards are typically

payable at the end of a three-year performance period if the specified performance criteria are met. The fair value of performance share awards is measured based upon the closing market price of FPL Group common stock as of the date of grant less the present value of expected dividends, at an estimated performance multiple determined on the basis of historical experience.

The activity in restricted stock and performance share awards for the three months ended March 31, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted Stock:		
Nonvested balance, January 1, 2006	1,022,545	$ 35.54
Granted	357,039	$ 41.81
Vested	(216,683)	$ 41.43
Forfeited	(7,100)	$ 40.77
Nonvested balance, March 31, 2006	1,155,801	$ 37.85
Performance Share Awards:		
Nonvested balance, January 1, 2006	1,145,502	$ 29.88
Granted	581,978	$ 34.08
Vested	(574,947)	$ 26.74
Forfeited	(2,110)	$ 32.79
Nonvested balance, March 31, 2006	1,150,423	$ 33.57

The weighted-average grant date fair value of restricted stock and performance share awards granted was $38.12 and $34.20, respectively, for the three months ended March 31, 2005.

The total fair value of shares vested for the three months ended March 31, 2006 and 2005 was $33 million and $13 million, respectively.

Options – Options typically vest within three years and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of FPL Group common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	Three Months Ended March 31,	
	2006	2005
Expected volatility [a]	19.56%	20%
Expected dividends	3.40%	3.68%
Expected term (years) [b]	6	7
Risk-free rate	4.60%	4.08%

[a] Based on historical experience.
[b] In 2006, FPL Group elected to use the "simplified" method to calculate the expected term in accordance with Staff Accounting Bulletin No. 107. In 2005, the expected term was derived from historical experience.

Option activity for the three months ended March 31, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2006	7,228,617	$ 29.42		
Granted	334,500	$ 41.76		
Exercised	(120,315)	$ 28.32		
Forfeited	(14,000)	$ 28.38		
Expired	-	-		
Balance, March 31, 2006	7,428,802	$ 29.99	6.5	$ 76
Exercisable, March 31, 2006	6,660,070	$ 29.08	6.2	$ 74

The weighted-average grant date fair value of options granted was $7.46 and $6.30 for the three months ended March 31, 2006 and 2005, respectively.

The total intrinsic value of stock options exercised for the three months ended March 31, 2006 and 2005 was $1 million and $10 million, respectively.

Cash received from option exercises for the three months ended March 31, 2006 and 2005 was $3 million and $26 million, respectively. The tax benefits realized from options exercised during the three months ended March 31, 2006 and 2005 was $0.4 million and $3 million, respectively.

5. Regulatory Matters

In March 2006, the Florida Public Service Commission (FPSC) denied a motion to dismiss FPL's storm recovery bond securitization petition filed by several interested parties. Hearings regarding FPL's petition were held in April 2006, and the FPSC's decision is expected in mid-May 2006. The FPSC has the right to review FPL's storm charges for prudence, and has the authority to determine the manner and timing of recovery.

6. Income Taxes

FPL Group's effective tax rate for the three months ended March 31, 2006 and 2005 was approximately 23.2% and 13.8%, respectively. The reduction from the statutory rate mainly reflects the benefit of production tax credits (PTCs) of approximately $43 million and $26 million, respectively, related to FPL Energy's wind projects.

FPL Group recognizes PTCs as wind energy is generated based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, which may differ significantly from amounts computed, on a quarterly basis, using an overall effective tax rate anticipated for the full year. FPL Group utilizes this method of recognizing PTCs for specific reasons including that they are an integral part of the financial viability of most wind projects and a fundamental component of such wind projects' results of operations.

7. Debt

In June 2002, FPL Group sold 10.12 million 8% Corporate Units. In connection with the 8% Corporate Units financing, FPL Group Capital Inc (FPL Group Capital) issued $506 million principal amount of 5% debentures due February 16, 2008. During 2005, FPL Group Capital remarketed these debentures and the annual interest rate was reset to 5.551%. 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 was required to purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group made payments of 3% of the unit's $50 stated value until the shares were purchased. In February 2006, FPL Group paid approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units. Also in February 2006, FPL Group issued approximately 8.7 million shares of common stock in return for approximately $296 million in proceeds, upon settlement of the stock purchase contracts issued in connection with the remainder of the 8% Corporate Units.

In January 2006, FPL issued $400 million principal amount of 5.65% first mortgage bonds maturing in February 2037. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes. Also during the three months ended March 31, 2006, FPL borrowed $300 million in notes payable under an uncommitted credit facility. These notes mature in April and May 2006 and have interest rates ranging from 4.8% to 4.92%.

In April 2006, FPL issued $300 million principal amount of 6.20% first mortgage bonds maturing in June 2036 in a private placement transaction. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes.

8. 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 include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At FPL Energy, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind projects and the procurement of nuclear fuel. FPL FiberNet, LLC's (FPL FiberNet's) capital expenditures primarily include costs to meet customer specific requirements and sustain its fiber-optic network. At March 31, 2006, planned capital expenditures for the remainder of 2006 through 2010 were estimated as follows:

	2006	2007	2008	2009	2010	Total
			(millions)			
FPL:						
Generation: [a]						
New [b]	$ 145	$ 520	$ 610	$ 660	$ 500	$ 2,435
Existing	360	455	330	395	285	1,825
Transmission and distribution [c]	545	665	640	640	645	3,135
Nuclear fuel	35	120	85	125	135	500
General and other	125	170	165	160	165	785
Total	$ 1,210	$ 1,930	$ 1,830	$ 1,980	$ 1,730	$ 8,680
FPL Energy:						
Wind [d]	$ 700	$ 970	$ 50	$ 5	$ 5	$ 1,730
Nuclear [e]	140	140	95	105	155	635
Gas	45	25	15	5	10	100
Other	20	45	10	10	15	100
Total	$ 905	$ 1,180	$ 170	$ 125	$ 185	$ 2,565
FPL FiberNet	$ 8	$ 10	$ 10	$ 10	$ 10	$ 48

(a) Includes allowance for funds used during construction (AFUDC) of approximately $33 million, $30 million, $51 million, $72 million and $71 million in 2006, 2007, 2008, 2009 and 2010, respectively.
(b) Includes generating structures, transmission interconnection and integration, licensing and AFUDC.
(c) Excludes costs associated with FPL's proposed Storm Secure Plan (see Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources).
(d) Capital expenditures for new wind projects are estimated through 2007, when eligibility for PTCs for new wind projects is scheduled to expire.
(e) Includes nuclear fuel.

In addition to estimated capital expenditures listed above, FPL and FPL Energy have long-term contracts related to purchased power and/or fuel (see Contracts below). At March 31, 2006, FPL Energy had approximately $2.3 billion in firm commitments primarily for the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt.

FPL Group and FPL each account for payment guarantees and related contracts, for which it or a subsidiary is the guarantor, under FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," which requires that the fair value of guarantees provided to unconsolidated entities entered into after December 31, 2002, be recorded on the balance sheet. At March 31, 2006, subsidiaries of FPL Group, other than FPL, have guaranteed debt service payments relating to agreements that existed at December 31, 2002. The term of the guarantees is equal to the term of the related debt, with remaining terms ranging from 1 year to 12 years. The maximum potential amount of future payments that could be required under these guarantees at March 31, 2006 was approximately $14 million. At March 31, 2006, FPL Group did 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 guarantees. Guarantees provided to unconsolidated entities entered into subsequent to December 31, 2002, and the related fair value, were not material as of March 31, 2006.

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 this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Contracts – FPL Group has entered into a long-term agreement for the purchase of wind, combustion and steam turbines, as well as parts, repairs and on-site services through 2021. The related commitments as of March 31, 2006 are included in FPL Energy's and Corporate and Other's minimum payments shown in the table below and in FPL Energy's estimated capital expenditures shown in the table 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 subsidiaries) to pay for approximately 1,300 megawatts (mw) of power annually through mid-2015 and 381 mw annually thereafter through 2021, and one of the Southern subsidiaries' contracts is subject to minimum quantities. FPL also has various firm pay-for-performance contracts to purchase approximately 700 mw of generating capacity from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2009 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-

performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has various agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,600 mw of generating capacity with expiration dates ranging from 2007 through 2012. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has contracts with expiration dates through 2028 for the purchase of natural gas, coal and oil, transportation of natural gas and coal, and storage of natural gas.

FPL Energy has entered into several contracts for the purchase of wind turbines and towers in support of a portion of its planned new wind generation. In addition, FPL Energy has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from 2007 through 2033. FPL Energy also has several contracts for the purchase, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from mid-2006 to 2014.

The required capacity and minimum payments under these contracts as of March 31, 2006 were estimated as follows:

	2006	2007	2008	2009	2010	Thereafter
				(millions)		
FPL:						
Capacity payments: [a]						
JEA and Southern subsidiaries [b]	$ 140	$ 200	$ 200	$ 210	$ 200	$ 1,180
Qualifying facilities [b]	$ 230	$ 320	$ 320	$ 320	$ 290	$ 3,500
Other electricity suppliers [b]	$ 80	$ 55	$ 50	$ 50	$ 10	$ 10
Minimum payments, at projected prices:						
Southern subsidiaries – energy [b]	$ 60	$ 80	$ 80	$ 90	$ 40	$ -
Natural gas, including transportation and storage [c]	$ 2,075	$ 1,410	$ 260	$ 260	$ 260	$ 2,405
Coal [c]	$ 45	$ 40	$ 30	$ 10	$ -	$ -
Oil [c]	$ 705	$ -	$ -	$ -	$ -	$ -
FPL Energy	$ 700	$ 600	$ 50	$ 50	$ 50	$ 700
Corporate and Other	$ 52	$ -	$ -	$ -	$ -	$ -

[a] Capacity payments under these contracts, the majority of which are recoverable through the capacity clause, totaled approximately $145 million and $152 million for the three months ended March 31, 2006 and 2005, respectively.
[b] Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately $91 million and $89 million for the three months ended March 31, 2006 and 2005, respectively.
[c] Recoverable through the fuel clause.

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 both private sources and an industry retrospective payment plan. In accordance with this Act, 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 $604 million ($402 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $90 million ($60 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 Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates $12 million, $30 million and $15 million, plus any applicable taxes, per incident, respectively.

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 for an extended period of time 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 $132 million ($88 million for FPL), plus any applicable taxes, 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, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $5 million and $3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL has essentially no insurance coverage on its transmission and distribution property and FPL Group has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Under the terms of the agreement regarding FPL's retail base rates approved by the FPSC (2005 rate agreement), FPL may recover prudently incurred storm restoration costs either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges. See Note 5.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered from customers 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.

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. The EPA further revised its civil penalty rule in February 2004, such that the maximum penalty is $32,500 per day for each violation after March 15, 2004. 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 opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals ruled on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative compliance 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 June 2003, the Eleventh Circuit issued its order dismissing the TVA's appeal because it found the provision of the Clean Air Act allowing the EPA to issue binding administrative compliance orders was unconstitutional, and hence found that the TVA order was a non-final order that courts of appeal do not have jurisdiction to review. In September 2003, the Eleventh Circuit denied the EPA's motion for rehearing. In May 2004, the U.S. Supreme Court denied the EPA's petition for review of the Eleventh Circuit order. The EPA has not yet moved to reopen the Georgia Power Company case.

In 2001, Florida Municipal Power Agency (FMPA) filed with the U.S. 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 Federal Energy Regulatory Commission (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 since 1996. In the orders appealed by FMPA, the 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, the 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. In January 2003, the DC Circuit upheld the FERC's order denying FMPA credits for its facilities; in March 2003, the DC Circuit denied FMPA's rehearing request of the DC Circuit's decision; and in October 2003, the U.S. Supreme Court denied FMPA's petition for review of the DC Circuit's decision.

FMPA also has requested that the FERC decide the same crediting issue in a separate FERC proceeding. That proceeding dates back to a filing by FPL in 1993 of a comprehensive restructuring of its then-existing tariff structure. All issues in that case were settled in September 2000 except for three issues reserved by FMPA: (i) the crediting issue, (ii) treatment of behind-the-meter generation and load ratio pricing for network integration transmission service, and (iii) exclusions from FPL's transmission rates of the costs of FPL's facilities that failed to meet the same integration test that was applied to FMPA's facilities with respect to the crediting issue. In December 2003, the FERC issued an order addressing the three reserved issues. With respect to the crediting issue, the FERC stated that it had previously determined that FMPA was not entitled to credits for its facilities in the related proceeding discussed above and saw no persuasive reason to revisit that determination in this proceeding. Regarding the issue of behind-the-meter generation, the FERC stated that it had addressed the issue of load ratio pricing for network integration transmission service and the related issue of behind-the-meter generation in Order Nos. 888 and 888-A, and saw no persuasive reason to revisit that determination in this proceeding. With respect to the third issue, the FERC directed FPL to make a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test applied to the FMPA facilities.

In January 2004, FMPA requested a "conditional rehearing on the Commission's failure to order rate credits solely in the event that Commission does not adequately reduce FPL's rate base to achieve comparability," and challenging the FERC's determination not to revisit the issue of behind-the-meter generation and load ratio pricing for network integration transmission service. In March 2004, the FERC issued an order denying FMPA's rehearing request. In April 2004, FMPA petitioned the DC Circuit for review of the FERC's December 2003 order and March 2004 order. FMPA filed its initial brief in that proceeding in October 2004. FMPA's arguments are limited to the issue of behind-the-meter generation and load ratio pricing for network integration transmission service in instances when, according to FMPA, FPL cannot provide transmission service because of "physical transmission limitations." In June 2005, the DC Circuit remanded the case to the FERC for further consideration. The DC Circuit concluded that the FERC failed to explain in its orders why network customers should be charged by the transmission provider for network service that the provider is physically constrained from offering and why physical impossibility should not be recognized as an exception to the general rule against permitting partial load ratio pricing for network customers. The DC Circuit noted that it was not reaching a determination on whether charging on a full load basis

in fact is unjust and unreasonable under the circumstances, that it was not defining what constitutes physical impossibility, and that it was not determining whether FMPA made a showing of impossibility. In December 2005, the FERC issued an order on remand answering the DC Circuit's question by finding that FPL is entitled to load ratio share pricing, notwithstanding constraints on a third-party's system. In January 2006, FMPA filed a rehearing request of this order with the FERC.

In May 2004, FPL made a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test that was applied to the FMPA facilities. Pursuant to this filing, 1.63% of FPL's transmission facilities do not satisfy the integration standard and FPL's current network transmission rate would be reduced by $0.02 per kilowatt (kw) per month. In June 2004, FMPA filed a protest to FPL's compliance filing, which protest would exclude approximately 30% of FPL's transmission facilities and reduce FPL's current network transmission rate by approximately $0.41 per kw per month. In January 2005, the FERC issued an order on FPL's compliance filing. In the order, the FERC accepted FPL's standards for analyzing the transmission system and agreed that FPL's "Georgia Ties" and "Turkey Point Lines" are part of FPL's integrated grid. The FERC required FPL to make an additional compliance filing removing the cost of all radial transmission lines from transmission rates, rather than only radial lines that serve one customer, analyzing the FPL transmission system to remove the cost of any transmission facilities that provide only "unneeded redundancy," and calculating rate adjustments using 1993 data rather than 1998 data. FPL made this compliance filing in April 2005, reducing FPL's rate $0.04 per kw per month resulting in a refund obligation to FMPA of approximately $3 million at March 31, 2006. In May 2005, FMPA protested FPL's compliance filing, claiming that FPL had not followed the FERC's mandate and argued that FPL's rates should be reduced by an additional $0.20, potentially resulting in a refund obligation to FMPA of approximately $19 million at March 31, 2006. Any reduction in FPL's network service rate also would apply effective January 1, 2004 to Seminole Electric Cooperative Inc. (Seminole), FPL's other network customer. The refund obligation to Seminole at March 31, 2006 would be approximately $1 million under FPL's filing and approximately $6 million based on FMPA's position.

In December 2005, the FERC issued an order accepting FPL's April 2005 compliance filing in part, rejecting it in part, and directing the submission of a further compliance filing. The FERC accepted FPL's compliance filing wherein FPL proposed a reduction in its rate base created by the exclusion of certain radial lines valued at $29 million net plant. However, the FERC concluded that it is not clear whether FPL failed to test its non-radial facilities in a manner comparable to the way it tested FMPA's facilities. The December 2005 order asks FPL to make a further compliance filing in 60 days to explain the meaning of "unserved load" as it applies to Florida Reliability Coordinating Council (FRCC) standards, and to remove from rates any facility where the unserved load occurred only as a result of the contingency facility. The FERC noted that FRCC and North American Electric Reliability Council (NERC) standards allow for the controlled loss of load on radial facilities and that FPL tested FMPA facilities for loss of local load as well as load at other load centers. FPL filed a rehearing request in January 2006, contending that the FERC misapplied FRCC/NERC planning criteria for radial facilities to network systems and misinterpreted the test FPL applied to FMPA facilities. FPL also filed a request to delay the compliance filing pending FERC action on FPL's rehearing request, and in January 2006, the FERC granted that request.

In 1995 and 1996, FPL Group, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. On June 24, 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against FPL Group and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest. FPL Group has filed an answer to the complaint and discovery has commenced. FPL Group believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from FPL Group, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. The case has been set for trial in August 2007.

In 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, as subsequently amended, 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 January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL.

In 2003, Tish Blake and John Lowe, as personal representatives of the Estate of Ashton Lowe, on behalf of the estate and themselves, as surviving parents, brought an action in the U.S. District Court for the Southern District of Florida alleging that their son developed cancer (medulo-blastoma) 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 allegations, counts and damages demanded in the complaint, as subsequently amended, are virtually identical to those contained in the Finestone lawsuit described above. In January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL.

In 2003, Pedro C. and Emilia Roig brought an action on behalf of themselves and their son, Pedro Anthony Roig, in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida (the state court), which was removed in October 2003 to the U.S. District Court for the Southern District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies and FPL, 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 power plants in southeast Florida. 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. The U.S. District Court remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In 2003, Edward and Janis Shiflett brought an action on behalf of themselves and their son, Phillip Benjamin Shiflett, in the Circuit Court of the 18th Judicial Circuit in and for Brevard County, Florida (the state court), which was removed in January 2004 to the U.S. District Court for the Middle District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, FPL and the Orlando Utilities Commission, alleging that their son has suffered toxic neurological effects from mercury poisoning. The allegations, counts and damages demanded in the complaint with respect to FPL are virtually identical to those contained in the Roig lawsuit described above. FPL's motion to dismiss the complaint was denied. The U.S. District Court subsequently remanded the action back to the state court. All parties anticipate that the drug manufacturing and distribution companies will move to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (FPL Energy Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. The petition alleges that the FPL Energy Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of energy each year and that the FPL Energy Affiliates failed to meet this obligation. The plaintiff has asserted claims for breach of contract and declaratory judgment and seeks damages of approximately $21 million. The FPL Energy Affiliates filed their answer and counterclaim in November 2004, denying the allegations. The counterclaim, as now amended, asserts claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and seeks termination of the contract and damages. At the end of 2005, TXU amended its complaint to add FPL Group, FPL Energy, FPL Group Capital and ESI Energy, LLC, as defendants. Motions to dismiss those entities as defendants have been filed. The case is in discovery and has been set for trial in November 2006.

In November 2005, Peter Rabbino and Legal Computer Consultants, Inc. brought a civil action against FPL in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida. This action is purportedly on behalf of all customers of FPL that lost power due to Hurricane Wilma. No class certification motion has been filed to date. The two count complaint alleges, in Count I, breach of contract and, in Count II, violation of a statute. Count I alleges that FPL failed to sufficiently maintain its system to prevent power outages due to inclement weather, including hurricanes. This count seeks injunctive relief requiring FPL to bury its lines or install stronger poles as well as consequential damages. Count II alleges that FPL is statutorily obligated to provide sufficient, adequate and efficient service and that FPL was grossly negligent in carrying out this obligation resulting in damages to its customers due to Hurricane Wilma. This count seeks injunctive relief and consequential damages identical to that sought in Count I. FPL filed a motion to dismiss based on a number of legal grounds, including the exclusive jurisdiction of the FPSC to govern these types of disputes. On February 8, 2006, the court granted FPL's motion to dismiss, dismissing all claims in Count I with prejudice, and dismissing Count II without prejudice except as to any claims for injunctive relief, which were dismissed with prejudice. In March 2006, plaintiffs filed their amended complaint which alleges breach of contract and seeks injunctive relief as well as consequential damages. FPL filed a motion to dismiss the amended complaint.

In addition to those legal proceedings discussed above, 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. In addition, generating plants in

which FPL Group or FPL have an ownership interest are involved in legal proceedings and claims, the liabilities from which, if any, would be shared by FPL Group or FPL.

FPL Group and FPL believe that they have meritorious defenses to all the pending litigation and proceedings discussed above under the heading Litigation and are vigorously defending the lawsuits. While management is unable to predict with certainty the outcome of the legal proceedings and claims discussed or described herein, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of FPL Group or FPL.

9. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a competitive energy 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,							
	2006				2005			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 2,584	$ 952	$ 48	$ 3,584	$ 2,041	$ 372	$ 24	$ 2,437
Operating expenses	$ 2,338	$ 728	$ 50	$ 3,116	$ 1,840	$ 339	$ 24	$ 2,203
Net income (loss) [b]	$ 122	$ 151	$ (25)	$ 248	$ 111	$ 37	$ (11)	$ 137

	March 31, 2006				December 31, 2005			
	FPL	FPL Energy	Corporate & Other	Total	FPL	FPL Energy	Corporate & Other	Total
	(millions)							
Total assets	$ 21,833	$ 10,312	$ 691	$ 32,836	$ 22,726	$ 9,408	$ 870	$ 33,004

(a) FPL Energy's interest charges are based on a deemed capital structure of 50% debt for operating projects and 100% debt for projects under construction. Residual non-utility interest charges are included in Corporate and Other.

(b) See Note 6 for a discussion of FPL Energy's tax benefits related to PTCs that were recognized based on its tax sharing agreement with FPL Group.

10. 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. Most of FPL Group Capital's debt, including its debentures, and payment guarantees 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,							
	2006				2005			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 1,002	$ 2,582	$ 3,584	$ -	$ 395	$ 2,042	$ 2,437
Operating expenses	(5)	(775)	(2,336)	(3,116)	-	(362)	(1,841)	(2,203)
Interest charges	(6)	(101)	(62)	(169)	(7)	(88)	(43)	(138)
Other income (deductions) – net	257	26	(259)	24	144	56	(137)	63
Income before income taxes	246	152	(75)	323	137	1	21	159
Income tax expense (benefit)	(2)	19	58	75	-	(31)	53	22
Net income (loss)	$ 248	$ 133	$ (133)	$ 248	$ 137	$ 32	$ (32)	$ 137

(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, 2006				December 31, 2005			
	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	$ -	$ 9,656	$ 24,762	$ 34,418	$ -	$ 8,945	$ 24,406	$ 33,351
Less accumulated depreciation and amortization	-	(1,469)	(9,664)	(11,133)	-	(1,359)	(9,529)	(10,888)
Total property, plant and equipment – net	-	8,187	15,098	23,285	-	7,586	14,877	22,463
CURRENT ASSETS								
Cash and cash equivalents	-	97	51	148	7	467	56	530
Receivables	7	608	914	1,529	5	584	841	1,430
Other	63	663	1,619	2,345	63	518	2,446	3,027
Total current assets	70	1,368	2,584	4,022	75	1,569	3,343	4,987
OTHER ASSETS								
Investment in subsidiaries	8,921	-	(8,921)	-	8,647	-	(8,647)	-
Other	135	1,510	3,884	5,529	140	1,339	4,075	5,554
Total other assets	9,056	1,510	(5,037)	5,529	8,787	1,339	(4,572)	5,554
TOTAL ASSETS	$ 9,126	$11,065	$ 12,645	$ 32,836	$ 8,862	$ 10,494	$ 13,648	$ 33,004
CAPITALIZATION								
Common shareholders' equity	$ 8,941	$ 2,061	$ (2,061)	$ 8,941	$ 8,499	$ 1,911	$ (1,911)	$ 8,499
Long-term debt	-	4,163	3,665	7,828	-	4,768	3,271	8,039
Total capitalization	8,941	6,224	1,604	16,769	8,499	6,679	1,360	16,538
CURRENT LIABILITIES								
Debt due within one year	-	2,155	1,464	3,619	-	1,269	1,294	2,563
Accounts payable	4	262	660	926	17	365	863	1,245
Other	(86)	680	1,351	1,945	85	803	2,571	3,459
Total current liabilities	(82)	3,097	3,475	6,490	102	2,437	4,728	7,267
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	-	377	1,493	1,870	-	211	1,474	1,685
Accumulated deferred income taxes	(5)	748	2,522	3,265	(5)	464	2,556	3,015
Regulatory liabilities	-	-	2,972	2,972	-	-	2,971	2,971
Other	272	619	579	1,470	266	703	559	1,528
Total other liabilities and deferred credits	267	1,744	7,566	9,577	261	1,378	7,560	9,199
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 9,126	$11,065	$ 12,645	$ 32,836	$ 8,862	$ 10,494	$ 13,648	$ 33,004

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31,							
	2006				2005			
	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	$ (100)	$ 54	$ (71)	$ (117)	$ (36)	$ (14)	$ 264	$ 214
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures, independent power investments and nuclear fuel purchases	-	(674)	(522)	(1,196)	-	(298)	(400)	(698)
Other – net	-	(11)	(26)	(37)	(403)	8	373	(22)
Net cash used in investing activities	-	(685)	(548)	(1,233)	(403)	(290)	(27)	(720)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	-	392	392	-	506	-	506
Retirements of long-term debt	-	(37)	-	(37)	-	(607)	-	(607)
Retirements of preferred stock	-	-	-	-	-	-	(5)	(5)
Net change in short-term debt	-	314	170	484	-	-	200	200
Proceeds from purchased Corporate Units	210	-	-	210	-	-	-	-
Payments to terminate Corporate Units	(258)	-	-	(258)	-	-	-	-
Issuances of common stock	299	-	-	299	603	-	-	603
Dividends on common stock	(148)	-	-	(148)	(135)	-	-	(135)
Other – net	(10)	(16)	52	26	(1)	387	(426)	(40)
Net cash provided by (used in) financing activities	93	261	614	968	467	286	(231)	522
Net increase (decrease) in cash and cash equivalents	(7)	(370)	(5)	(382)	28	(18)	6	16
Cash and cash equivalents at beginning of period	7	467	56	530	26	134	65	225
Cash and cash equivalents at end of period	$ -	$ 97	$ 51	$ 148	$ 54	$ 116	$ 71	$ 241

[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 2005 Form 10-K for FPL Group and FPL. The results of operations for an interim period generally will 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

Summary – FPL Group's net income for the first quarter of 2006 was $248 million compared to $137 million for the same period in 2005. These results include unrealized mark-to-market after-tax gains at FPL Energy of $23 million from non-qualifying hedge activity for the three months ended March 31, 2006 compared to FPL Energy's unrealized mark-to-market after-tax losses of $31 million for the comparable period in 2005. The positive effect of unrealized mark-to-market gains associated with non-qualifying hedge activity is primarily attributable to decreased forward power and natural gas prices during the quarter, as well as the reversal of previously recorded unrealized mark-to-market losses which were realized during the quarter. As a general rule, a gain (loss) in the non-qualifying hedge category is offset by decreases (increases) in the fair value of physical asset positions in the portfolio, which are not marked to market under generally accepted accounting principles. In addition, FPL Group's net income for the three months ended March 31, 2006 reflects after-tax costs related to the proposed merger between FPL Group and Constellation Energy of approximately $3 million. FPL Group's net income for the three months ended March 31, 2006 also reflects improved earnings at FPL and FPL Energy. See Note 9 for segment information. FPL Group's effective income tax rate for the three months ended March 31, 2006 and 2005 reflects PTCs for wind projects at FPL Energy. PTCs are recognized as wind energy is generated based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, and amounted to approximately $43 million and $26 million for the three months ended March 31, 2006 and 2005, respectively. PTCs can significantly affect FPL Group's effective tax rate depending on the amount of pretax income and wind generation.

FPL Group's management uses earnings excluding certain items (adjusted earnings), which were the unrealized mark-to-market effect of non-qualifying hedges and merger-related expenses, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and for FPL Group's employee incentive compensation plans. FPL Group also uses adjusted earnings when communicating its earnings outlook to analysts and investors. FPL Group's management believes adjusted earnings provide a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income in accordance with generally accepted accounting principles, management believes that both the size and nature of such items make period to period comparisons of operations difficult and potentially confusing.

FPL – FPL's net income for the three months ended March 31, 2006 was $122 million compared to $111 million for the same period in 2005. FPL's net income increased primarily due to lower depreciation expense and retail customer growth partly offset by higher other operations and maintenance (O&M) and interest expenses.

FPL's operating revenues consisted of the following:

	Three Months Ended March 31,	
	2006	2005
	(millions)	
Retail base	$ 777	$ 773
Cost recovery clauses and other pass-through costs	1,766	1,218
Other, primarily gas, transmission and wholesale sales and customer-related fees	41	50
Total	$ 2,584	$ 2,041

A 2.2% increase in the average number of retail customer accounts resulted in an increase in retail base revenues of approximately $16 million while a 0.5% decrease in customer usage, as well as other factors, reduced base revenues by approximately $1 million. Under the 2005 rate agreement, FPL was authorized by the FPSC to collect, through a separate charge on a customer's bill, the portion (approximately 1.5%) of gross receipts taxes that was previously embedded in base rates. This resulted in an approximately $11 million reduction in retail base revenues with a corresponding increase in revenues from cost recovery clauses and other pass-through costs.

Revenues from cost recovery clauses and other pass-through costs, such as franchise fees, revenue taxes and storm cost recoveries, do not significantly affect net income; however, under- or over-recovery of such costs 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 expense, are primarily driven by changes in energy sales, fuel prices and capacity charges. The increase in revenues from cost recovery clauses and other pass-through costs is primarily attributable to the increase in the fuel clause recovery factor, effective January 2006, in response to higher expected fuel prices in 2006, as well as the recovery of a portion of underrecovered fuel costs from 2005. The increase in the fuel factor was the primary contributor to the $307 million decrease in deferred clause and franchise expenses (current and noncurrent, collectively) on FPL Group's and FPL's condensed consolidated balance sheets at March 31, 2006, and positively affected FPL Group's and FPL's cash flows from operations for the three months ended March 31, 2006. In February 2005, FPL began recovering the 2004 storm restoration

cost deficiency from retail customers. For the three months ended March 31, 2006 and 2005, the amount billed to customers related to these storm restoration cost recoveries amounted to approximately $32 million and $19 million, respectively. The corresponding expense for the amortization of the storm reserve deficiency is shown as a separate line on the condensed consolidated statements of income. The decrease in other revenues is primarily due to the FPSC-approved sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital, which also reduced FPL's fuel expenses.

FPL O&M expenses increased $20 million primarily related to increased staffing at its nuclear plants to meet enhanced regulatory requirements and to ensure long-term reliability, increased fleet vehicle costs and additional restoration expenses. Management expects to see a continued upward trend in O&M expenses in 2006 in the areas of generation, transmission and distribution, including costs associated with FPL's proposed Storm Secure Plan, and customer service, as well as continued increases in employee benefit costs. See Management's Discussion – Liquidity and Capital Resources for additional discussion of FPL's proposed Storm Secure Plan.

On April 24, 2006, St. Lucie Unit No. 2 began its scheduled refueling outage including the inspection of its reactor vessel head for cracks and corrosion. Based on the inspection results of previous outages, it is anticipated that additional control rod drive mechanism nozzle repairs will be needed during St. Lucie Unit No. 2's current outage. FPL intends to replace the reactor vessel head at St. Lucie Unit No. 2 during its fall 2007 scheduled refueling outage and has replaced within the last two years the reactor vessel heads at FPL's other three nuclear units. As of March 31, 2006, FPL's portion of the estimated remaining cost to replace St. Lucie Unit No. 2's reactor vessel head, including AFUDC, is approximately $51 million and is included in FPL's estimated capital expenditures. See Note 8 – Commitments. The estimated cost of performing inspections and any necessary repairs to St. Lucie Unit No. 2's and the other units' reactor vessel head(s) until replacement is being recognized as expense on a levelized basis over a five-year period that began in 2002, as authorized by the FPSC, and amounted to approximately $2 million in each of the three-month periods ended March 31, 2006 and 2005, respectively.

St. Lucie Unit No. 2's steam generators are reaching the end of their useful life. As flaws are identified in individual steam generator tubes, they are plugged in order to prevent the tubes from leaking during plant operations. To date, 18.9% of these tubes have been plugged. In January 2005, FPL received permission from the U.S. Nuclear Regulatory Commission (NRC) to plug up to 30% of St. Lucie Unit No. 2's steam generator tubes. Projections indicate that the 30% tube plugging limit could be exceeded during the current St. Lucie Unit No. 2 refueling outage. FPL is planning to repair any tubes exceeding the 30% tube plugging limit by inserting metal sleeves inside the degraded tubes (sleeving) and has received NRC approval to sleeve degraded tubes as an alternative to plugging. Sleeving degraded tubes is expected to increase the cost and length of the outage. FPL intends to replace the steam generators along with the reactor vessel head at St. Lucie Unit No. 2 during its fall 2007 scheduled refueling outage. As of March 31, 2006, FPL's portion of the remaining cost to replace St. Lucie Unit No. 2's steam generators, including AFUDC, is approximately $165 million and is included in FPL's estimated capital expenditures. See Note 8 – Commitments.

Depreciation and amortization expense decreased approximately $35 million in the first quarter of 2006 benefiting from lower depreciation rates and the elimination of the decommissioning accrual approved as part of the 2005 rate agreement. This reduction in rates applied to substantially all power plant assets including Turkey Point Units Nos. 3 and 4 and St. Lucie Units Nos. 1 and 2, which have received 20-year license extensions. This was partially offset by increased depreciation from the addition of two new generating units at FPL's existing Martin and Manatee power plant sites, which became operational on June 30, 2005, nuclear depreciation primarily related to plant additions and FPL's continued investment in transmission and distribution expansion to support customer growth and demand. FPL expects to place an additional approximately 1,150 mw generating unit into service at its Turkey Point site by mid-2007.

Interest charges increased for the three months ended March 31, 2006 primarily due to higher average debt balances used to fund increased investment in generation, transmission and distribution expansion and to pay for unrecovered fuel and storm restoration costs. The decline in allowance for equity funds used during construction is primarily attributable to the placement of the Martin and Manatee plant sites in service on June 30, 2005.

FPL Energy – FPL Energy's net income for the quarter ended March 31, 2006 was $151 million compared to $37 million for the comparable period in 2005. During the first quarter of 2006, FPL Energy recorded $23 million of after-tax net unrealized mark-to-market gains from non-qualifying hedges compared to losses of $31 million in the same period of 2005. For further discussion of derivative instruments, see Note 2.

FPL Energy's first quarter 2006 net income benefited from improved results of the existing portfolio primarily reflecting improved market conditions in the New England Power Pool (NEPOOL), Electric Reliability Council of Texas (ERCOT) and PJM Interconnection, L.L.C. (PJM) regions, higher wind resource, the favorable effect of prior contract restructurings and earnings from portfolio additions, partially offset by the absence of gains recorded in 2005 from a contract termination and an asset sale, as well as higher interest expense.

FPL Energy added 1,039 mw of nuclear, wind and solar generation during or after the first quarter of 2005. These project additions increased first quarter 2006 net income by approximately $20 million. FPL Energy's operating revenues for the first quarter of 2006 increased approximately $580 million compared to the prior year quarter primarily due to higher unrealized mark-to-market gains from non-qualifying hedges of approximately $239 million in 2006 as compared to losses of approximately $68 million in 2005. Favorable market conditions in the NEPOOL, ERCOT and PJM regions, project additions and improved wind resource also contributed to increased operating revenues for the first quarter of 2006. FPL Energy's operating expenses increased approximately $389 million primarily driven by higher unrealized mark-to-market losses from

non-qualifying hedges of approximately $187 million in 2006 as compared to gains of approximately $23 million in 2005, higher fuel costs and project additions.

Equity in earnings of equity method investees for the quarter ended March 31, 2006 decreased $8 million from the prior year quarter reflecting higher unrealized mark-to-market losses from non-qualifying hedge activity in the portfolio. The favorable effect of contract restructurings on current period operating results was offset by the absence of a $13 million gain on a contract restructuring which was recorded in the first quarter of 2005.

FPL Energy's net income for the first quarter of 2006 also reflected higher interest expense of approximately $11 million associated with an increase in average interest rates of 67 basis points as well as increasing average debt balances due to growth in the business. In addition, gains on disposal of equity method investees and leveraged leases – net in FPL Group's condensed consolidated statements of income included an $8 million pretax gain on the sale of a joint venture project in 2005. PTCs from FPL Energy's wind projects are reflected in FPL Energy's earnings. PTCs are recognized as wind energy is generated based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, and amounted to $43 million and $26 million for the three months ended March 31, 2006 and 2005, respectively.

In January 2006, FPL Energy completed the acquisition of a 70% interest, or approximately 415 mw, in Duane Arnold, a nuclear power plant located near Cedar Rapids, Iowa, from Interstate Power and Light Company (IP&L). FPL Energy purchased the 70% interest, including nuclear fuel, inventory and other items, for a net purchase price of approximately $348 million. FPL Energy is selling its share of the output of Duane Arnold to IP&L at a price of approximately $46 per mwh in 2006, escalating annually to approximately $61 per mwh in 2013, under a long-term contract expiring in 2014. FPL Energy is responsible for management and operation of the plant, as well as for the ultimate decommissioning of the facility, the cost of which will be shared on a pro-rata basis by the joint owners. FPL Energy received approximately $188 million of decommissioning funds at closing which is included in nuclear decommissioning reserve funds on FPL Group's condensed consolidated balance sheet at March 31, 2006. FPL Energy expects to file for a license extension for the plant in 2009, which, if approved, will enable the plant to continue to operate for an additional 20 years beyond its current license expiration of 2014.

FPL Energy's earnings are subject to variability due to, among other things, operational performance, commodity price exposure, counterparty performance, weather conditions and project restructuring activities. FPL Energy's exposure to commodity price risk is reduced by the degree of contract coverage obtained for 2006 and 2007. As of March 31, 2006, FPL Energy's capacity under contract for the remainder of 2006 and 2007 was as follows:

	Remainder of 2006		2007	
Project Portfolio Category	Available MW [a]	% MW Under Contract	Available MW [a]	% MW Under Contract
Wind	3,183	98% [b]	3,254	96% [b]
Contracted [c]	2,436	99% [b]	2,461	99% [b]
Merchant: [d]				
NEPOOL	2,215	66% [e]	2,454	59% [e]
ERCOT	2,560	88% [e]	2,619	52% [e]
All Other	1,411	75% [e]	1,372	33% [e]
Total portfolio [f]	11,804	87% [e]	12,160	72% [e]

[a] Weighted to reflect in-service dates, planned maintenance, Seabrook's planned refueling outage and power uprate in 2006, Duane Arnold's planned refueling outage in 2007, and expected production from renewable resource assets.
[b] Reflects round-the-clock mw under contract.
[c] Includes all projects with mid- to long-term purchase power contracts for substantially all of their output.
[d] Includes only those facilities that require active hedging.
[e] Reflects on-peak mw under contract.
[f] Totals may not add due to rounding.

FPL Energy expects its future portfolio capacity growth to come primarily from wind development benefiting from the extension of the production tax credit program through 2007 for new wind facilities, as well as from asset acquisitions. In addition to the acquisition of Duane Arnold discussed above, in mid-March 2006, FPL Energy purchased an additional 50% ownership interest, or approximately 34 mw, in wind projects in California and Minnesota and, in April 2006, began commercial operations of an 84 mw wind plant in Texas. FPL Energy has approximately 760 mw of new wind projects that have either been completed or are expected to reach commercial operation by the end of 2006. FPL Energy plans to add approximately 625 mw to 750 mw of new wind generation in 2007.

In March 2006, a settlement agreement was submitted to the FERC that, if approved, would establish a new forward capacity market (FCM) in the NEPOOL region. The parties to the settlement agreement include wholesale power generators in New England, including FPL Energy, and four of the six New England states. Under the FCM proposal, capacity payments to generators would be established competitively through an annual auction, the first of which would be conducted in the first quarter of 2008 to purchase capacity for the twelve months starting June 1, 2010. The settlement agreement also provides for a transition period starting December 1, 2006 through May 31, 2010, during which capacity suppliers would receive fixed capacity payments, subject to penalties for forced outages during peak demand periods. The parties to the settlement agreement have requested the FERC to approve the settlement agreement by June 30, 2006 to allow for initial

implementation by December 1, 2006. If approved as filed with the FERC, the settlement agreement is expected to result in increased gross margins for FPL Energy's assets in the NEPOOL region during the transition period.

Corporate and Other – Corporate and Other is primarily comprised of interest expense, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates interest charges to FPL Energy based on a deemed capital structure at FPL Energy of 50% debt for operating projects and 100% debt for projects under construction. Corporate and Other's net loss for the first quarter of 2006 was $25 million compared to a net loss of $11 million for the comparable period in 2005. Results in 2006 reflect $3 million of after-tax costs associated with the proposed merger between FPL Group and Constellation Energy. Results for the three months ended March 31, 2005 include a $7 million gain ($4 million after tax) from the termination of a leveraged lease agreement, which is included in gains on disposal of equity method investees and leveraged leases – net in FPL Group's condensed consolidated statements of income. Interest income declined reflecting a secured third party loan that was repaid in the fourth quarter of 2005. The increase in operating revenues and operating expenses at Corporate and Other is primarily due to the sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital.

Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for working capital, capital expenditures and investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem outstanding debt and/or repurchase common stock. 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, FPL's and FPL Group Capital's ability to obtain short- and long-term financing, the cost of such financing and the execution of their respective financing strategies.

FPL Group's cash flows from operating activities for the three months ended March 31, 2006 reflect the return of cash collateral primarily to FPL's counterparties related to declining energy contract prices (margin cash deposits), a decrease in underrecovered fuel costs at FPL primarily reflecting an increase in the fuel clause recovery factor effective January 2006, the payment of storm-related costs at FPL, a decrease in accounts payable and an increase in material, supplies and fossil fuel inventory, reflecting the accumulation of oil inventory. The accumulation of oil inventory is primarily the result of burning more natural gas than originally planned due to lower natural gas prices in the first quarter of 2006.

FPL Group's cash flows from investing activities for the three months ended March 31, 2006 reflect continuing investment of approximately $487 million by FPL to meet customer demand and new investments at FPL Energy of approximately $639 million, including the acquisition of a 70% interest in Duane Arnold. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds as a result of the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity within the funds. FPL suspended nuclear decommissioning fund contributions of approximately $79 million annually, beginning in September 2005, pursuant to the terms of the 2005 rate agreement.

During the three months ended March 31, 2006, FPL Group generated proceeds of approximately $1.2 billion from financing activities, including the issuance of $400 million in FPL first mortgage bonds, a net increase in short-term debt of approximately $484 million ($170 million at FPL), approximately $296 million from the issuance of FPL Group common stock related to its 8% Corporate Units and approximately $3 million related to the exercise of stock options. During the three months ended March 31, 2006, FPL Group paid dividends on its common stock of approximately $148 million, paid approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units and made principal payments on debt of approximately $37 million at FPL Energy.

In April 2006, FPL issued $300 million of 6.20% first mortgage bonds maturing in 2036 in a private placement transaction. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes.

The following provides various metrics regarding FPL Group's (including FPL's) and FPL's outstanding debt:

	FPL Group		FPL	
	March 31, 2006	December 31, 2005	March 31, 2006	December 31, 2005
Weighted-average annual interest rate [a]	6.0%	5.9%	5.1%	5.2%
Weighted-average life (years)	9.5	9.3	15.7	15.1
Annual average of floating rate debt to total debt [a]	39%	35%	48%	40%

[a] Calculations include interest rate swaps.

FPL was impacted by Hurricanes Dennis, Katrina, Rita and Wilma in 2005 and by Hurricanes Charley, Frances and Jeanne in 2004. These hurricanes did major damage in parts of FPL's service territory and collectively resulted in customer power outages in 2005 and 2004 of 5.3 million and 5.4 million, respectively. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At March 31, 2006, FPL's storm reserve deficiency totaled approximately $1.0 billion. The storm reserve deficiency associated with the 2004 hurricanes, plus interest,

is being recovered primarily through a storm damage surcharge applied to retail customer bills over a 36-month period that began in February 2005, and totaled approximately $255 million at March 31, 2006. The remaining balance of the storm reserve deficiency primarily relates to the storm restoration costs associated with 2005 hurricanes. In January 2006, FPL petitioned the FPSC for approval to recover approximately $1.7 billion of storm costs through the issuance of $1,050 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes. The proposed bond proceeds will provide for the net-of-tax recovery of the remaining balance of the unrecovered hurricane costs of $1,040 million (estimated balance as of July 31, 2006) and the replenishment of the storm reserve to approximately $650 million. During the first quarter of 2006, FPL refined its estimate of storm restoration costs reflected in the petition, which reduced the total estimated unrecovered 2004 and 2005 storm costs by approximately $46 million. If the FPSC determines that the storm restoration costs should not be securitized and instead should be recovered through another means, FPL has recommended, as an alternative, recovering the 2005 hurricane costs through a surcharge over approximately three years and implementing a separate surcharge to fund a $650 million storm reserve. In February 2006, several interested parties filed a motion to dismiss FPL's petition, claiming that the petition did not satisfy certain technical requirements. FPL filed its response to the motion asserting that the requirements cited are not applicable to FPL's petition and were met in any event. On March 7, 2006, the FPSC denied the motion to dismiss FPL's petition. Hearings were held in April 2006 and the FPSC's decision is expected in mid-May 2006. The FPSC has the right to review FPL's storm charges for prudence, and has the authority to determine the manner and timing of recovery.

In January 2006, the FPSC held an electric infrastructure workshop to discuss the damage to electric utility facilities incurred due to recent hurricanes and to explore ways of minimizing damage and resulting outages to customers in the future. Presentations on hurricane issues were made by representatives of city governments, vendors and the Florida utilities. On January 30, 2006, FPL filed a report with the FPSC outlining its proposed Storm Secure Plan, a new initiative to enhance its electrical grid as a result of heightened hurricane activity and in response to concerns expressed by the community, state leaders and regulators. On February 7, 2006, the FPSC approved a rule that requires the Florida electric utilities to inspect their wooden transmission and distribution poles on an eight-year inspection cycle and file an annual report with the FPSC regarding such inspections. During February 2006, FPL filed several petitions with the FPSC proposing rule and tariff changes pertaining to certain elements of its proposed Storm Secure Plan. On April 4, 2006, the FPSC denied FPL's petitions and instead moved to address the issues raised in FPL's petitions by opening two dockets that will address, for all of Florida's investor-owned electric utilities, rules requiring more stringent distribution construction standards and the identification of where distribution facilities should be required to be constructed underground. The FPSC held a workshop in April 2006 to address these dockets. A second workshop is scheduled for May 19, 2006. Also on April 4, 2006, the FPSC ordered all of Florida's investor-owned electric utilities to file detailed plans on specific aspects of their storm preparedness plans by June 1, 2006, including estimated implementation costs for ongoing storm preparedness initiatives.

FPL Group's commitments at March 31, 2006 were as follows:

	2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Long-term debt, including interest: [a]							
FPL	$ 284	$ 190	$ 384	$ 396	$ 164	$ 6,663	$ 8,081
FPL Energy	246	692	547	206	200	1,349	3,240
Corporate and Other	1,271	1,190	577	666	18	913	4,635
Purchase obligations:							
FPL [b]	4,545	4,035	2,770	2,920	2,530	7,095	23,895
FPL Energy [c]	721	624	57	58	56	779	2,295
Corporate and Other	52	-	-	-	-	-	52
Asset retirement activities: [d]							
FPL [e]	-	-	-	-	-	11,571	11,571
FPL Energy [f]	-	-	-	-	-	3,137	3,137
Total	$ 7,119	$ 6,731	$ 4,335	$ 4,246	$ 2,968	$ 31,507	$ 56,906

(a) Includes principal, interest and interest rate swaps. Variable rate interest was computed using March 31, 2006 rates.

(b) Represents required capacity and minimum payments under long-term purchased power and fuel contracts, the majority of which is recoverable through various cost recovery clauses (see Note 8 – Contracts), and projected capital expenditures through 2010 to meet, among other things, increased electricity usage and customer growth, as well as capital improvements to and maintenance of existing facilities (see Note 8 – Commitments). Excludes costs associated with FPL's proposed Storm Secure Plan.

(c) Represents firm commitments primarily in connection with the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. See Note 8 – Commitments and Contracts.

(d) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

(e) At March 31, 2006, FPL had approximately $2,129 million in restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in FPL Group's and FPL's nuclear decommissioning reserve funds.

(f) At March 31, 2006, FPL Energy's 88.23% portion of Seabrook's and 70% portion of Duane Arnold's restricted trust funds for the payment of future expenditures to decommission Seabrook and Duane Arnold totaled approximately $515 million and are included in FPL Group's nuclear decommissioning reserve funds.

FPL Group and FPL obtain letters of credit and issue guarantees to facilitate commercial transactions with third parties and financings. At March 31, 2006, FPL Group had standby letters of credit of approximately $795 million ($12 million for FPL) and approximately $5,732 million notional amount of guarantees ($265 million for FPL), of which approximately $4,789 million ($247 million for FPL) have expirations within the next five years. These letters of credit and guarantees support the buying and selling of wholesale energy commodities, debt-related reserves and other contractual agreements. FPL Group and FPL believe it is unlikely that they would be required to perform or otherwise incur any liabilities associated with these letters of

credit and guarantees. At March 31, 2006, FPL Group and FPL did not have any liabilities recorded for these letters of credit and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of those under FPL Group Capital's debt, including all of its debentures and commercial paper issuances, as well as most of its guarantees, and FPL Group Capital has guaranteed certain debt and other obligations of FPL Energy and its subsidiaries. See Note 8 – Commitments.

In addition to the 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 that expires in 2027. Under this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Bank revolving lines of credit available to FPL Group and its subsidiaries, including FPL, are as follows:

FPL [a]	FPL Group Capital	Total [a]	Maturity Date
	(millions)		
$ 2,000	$ 2,500	$ 4,500	November 2010

[a] Excludes a $100 million senior secured revolving credit facility of an entity consolidated by FPL under FIN 46R "Consolidation of Variable Interest Entities," as revised (the VIE) that leases nuclear fuel to FPL, which matures in June 2009 and is available only to the VIE.

These credit facilities provide for the issuance of letters of credit up to $4.5 billion and are available to support the companies' commercial paper programs and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss), as well as for general corporate purposes. At March 31, 2006, letters of credit totaling $411 million were outstanding under FPL Group Capital's credit facilities and no amounts were outstanding under FPL's credit facilities. FPL Group (which guarantees the payment of FPL Group Capital's credit facilities pursuant to a 1998 guarantee agreement) is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL Group Capital's credit facility. FPL is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL's credit facility. At March 31, 2006, each of FPL Group and FPL was in compliance with its respective ratio.

Also, FPL Group Capital and FPL have each established an uncommitted credit facility with a bank to be used for general corporate purposes. The bank may at its discretion, upon the request of FPL Group Capital or FPL, make a short-term loan or loans to FPL Group Capital or FPL in an aggregate amount determined by the bank, which is subject to change at any time. The terms of the specific borrowings under the uncommitted credit facilities, including maturity, are set at the time borrowing requests are made by FPL Group Capital or FPL. At March 31, 2006, there were no amounts outstanding under FPL Capital's credit facility and there was $300 million in short-term notes outstanding under FPL's credit facility.

In addition to the bank lines of credit discussed above, the VIE that leases nuclear fuel to FPL has established a $100 million senior secured revolving credit facility, which expires in June 2009, to provide backup support for its commercial paper program. FPL has provided an unconditional guarantee of the payment obligations of the VIE under the credit facility, which is included in the guarantee discussion above. At March 31, 2006, the VIE had no outstanding borrowings under the revolving credit facility and had approximately $77 million of commercial paper outstanding. FPL also provides an unconditional payment guarantee of the VIE's $135 million of 2.34% senior secured notes, maturing in June 2006, which is included in the guarantee discussion above.

As of May 4, 2006, FPL Group and FPL Group Capital had $2.0 billion (issuable by either or both of them up to such aggregate amount) of available capacity under shelf registration statements filed with the Securities and Exchange Commission (SEC). Securities that may be issued under the FPL Group and FPL Group Capital shelf registration statements, depending on the registrant, include common stock, stock purchase contracts, stock purchase units, preferred stock, senior debt securities, preferred trust securities and related subordinated debt securities, and guarantees relating to certain of those securities. This capacity is available for, among other things, new investment opportunities.

Accumulated Other Comprehensive Income (Loss)

FPL Group's total other comprehensive income (loss) activity is as follows:

	Accumulated Other Comprehensive Income (Loss) Three Months Ended March 31,					
	2006			2005		
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total
	(millions)					
Balances at December 31 of prior year	$ (215)	$ 22	$ (193)	$ (67)	$ 21	$ (46)
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of $27 tax expense and $43 tax benefit, respectively)	39	-	39	(62)	-	(62)
Reclassification from OCI to net income (net of $9 and $5 tax expense, respectively)	13	-	13	8	-	8
Net unrealized gains on interest rate cash flow hedges:						
Effective portion of net unrealized gains (net of $3 and $2 tax expense, respectively)	5	-	5	3	-	3
Reclassification from OCI to net income (net of $1 tax expense in 2005)	-	-	-	1	-	1
Net unrealized gains (losses) on available for sale securities (net of $3 tax expense and $3 tax benefit, respectively)	-	5	5	-	(5)	(5)
Supplemental retirement plan liability adjustment (net of $0.5 tax expense in 2006)	-	1	1	-	-	-
Balances at March 31	$ (158)	$ 28	$ (130)	$ (117)	$ 16	$ (101)

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 and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as to optimize the value of power generation assets. To a lesser extent, FPL Group and FPL engage in limited energy trading activities to take advantage of expected future favorable price movements.

Derivative instruments, when required to be marked to market under FAS 133, as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability 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 or the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income unless hedge accounting is applied. See Note 2.

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three months ended March 31, 2006 were as follows:

		Hedges on Owned Assets				
	Proprietary Trading	Managed	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)			
Fair value of contracts outstanding at December 31, 2005	$ 3	$ (1)	$ (176)	$ (373)	$ 757	$ 210
Reclassification to realized at settlement of contracts	12	3	13	23	(226)	(175)
Effective portion of changes in fair value recorded in OCI	-	-	-	65	-	65
Ineffective portion of changes in fair value recorded in earnings	-	-	7	-	-	7
Changes in fair value excluding reclassification to realized	(7)	(2)	31	-	(536)	(514)
Fair value of contracts outstanding at March 31, 2006	8	-	(125)	(285)	(5)	(407)
Net option premium payment	-	-	13	-	60	73
Total mark-to-market energy contract net assets (liabilities) at March 31, 2006	$ 8	$ -	$ (112)	$ (285)	$ 55	$ (334)

FPL Group's total mark-to-market energy contract net assets (liabilities) at March 31, 2006 shown above are included in the condensed consolidated balance sheet as follows:

	March 31, 2006 (millions)
Current derivative assets	$ 240
Other assets	59
Current derivative liabilities	(369)
Other liabilities	(264)
FPL Group's total mark-to-market energy contract net assets (liabilities)	$ (334)

The sources of fair value estimates and maturity of energy contract derivative instruments at March 31, 2006 were as follows:

	Maturity						
	2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Proprietary Trading:							
Actively quoted (i.e., exchange trade) prices	$ (1)	$ -	$ -	$ -	$ -	$ -	$ (1)
Prices provided by other external sources	(52)	(11)	-	1	-	1	(61)
Modeled	63	7	-	-	-	-	70
Total	10	(4)	-	1	-	1	8
Owned Assets – Managed:							
Actively quoted (i.e., exchange trade) prices	(3)	-	-	-	-	-	(3)
Prices provided by other external sources	1	-	-	-	-	-	1
Modeled	1	1	-	-	-	-	2
Total	(1)	1	-	-	-	-	-
Owned Assets – Non-Qualifying:							
Actively quoted (i.e., exchange trade) prices	(79)	2	(7)	(1)	(6)	(5)	(96)
Prices provided by other external sources	20	(20)	(6)	(1)	-	(15)	(22)
Modeled	(7)	3	-	(1)	(1)	(1)	(7)
Total	(66)	(15)	(13)	(3)	(7)	(21)	(125)
Owned Assets – OCI:							
Actively quoted (i.e., exchange trade) prices	(1)	-	-	-	-	-	(1)
Prices provided by other external sources	(51)	(161)	(54)	(15)	(4)	-	(285)
Modeled	1	-	-	-	-	-	1
Total	(51)	(161)	(54)	(15)	(4)	-	(285)
Owned Assets – FPL Cost Recovery Clauses:							
Actively quoted (i.e., exchange trade) prices	(64)	5	-	-	-	-	(59)
Prices provided by other external sources	45	-	-	-	-	-	45
Modeled	9	-	-	-	-	-	9
Total	(10)	5	-	-	-	-	(5)
Total sources of fair value	$ (118)	$ (174)	$ (67)	$ (17)	$ (11)	$ (20)	$ (407)

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three months ended March 31, 2005 were as follows:

		Hedges on Owned Assets				
	Proprietary Trading	Managed	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)			
Fair value of contracts outstanding at December 31, 2004	$ 6	$ (2)	$ (10)	$ (109)	$ (9)	$ (124)
Reclassification to realized at settlement of contracts	(3)	-	(7)	13	7	10
Effective portion of changes in fair value recorded in OCI	-	-	-	(106)	-	(106)
Ineffective portion of changes in fair value recorded in earnings	-	-	(5)	-	-	(5)
Changes in fair value excluding reclassification to realized	3	(2)	(23)	-	291	269
Fair value of contracts outstanding at March 31, 2005	6	(4)	(45)	(202)	289	44
Net option premium payments	-	-	-	-	25	25
Total mark-to-market energy contract net assets (liabilities) at March 31, 2005	$ 6	$ (4)	$ (45)	$ (202)	$ 314	$ 69

Market Risk Sensitivity – Financial instruments and positions affecting the financial statements of FPL Group and FPL described below are held primarily 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 and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. FPL

Group manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees. Credit risk is also managed through the use of master netting agreements. FPL Group's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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 nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of March 31, 2006 and December 31, 2005, the VaR figures were as follows:

	Trading and Managed Hedges			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]			Total		
	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group
					(millions)				
December 31, 2005	$ -	$ 1	$ 1	$ 114	$ 38	$ 98	$ 114	$ 39	$ 98
March 31, 2006	$ -	$ 3	$ 3	$ 139	$ 45	$ 118	$ 139	$ 48	$ 114
Average for the period ended March 31, 2006	$ -	$ 2	$ 2	$ 126	$ 40	$ 106	$ 126	$ 41	$ 105

[a] Non-qualifying hedges are employed to reduce the market risk exposure to physical assets which are not marked to market. The VaR figures for the non-qualifying hedges and hedges in OCI and FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest rate risk – FPL Group and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in nuclear decommissioning reserve funds and interest rate swaps. FPL Group and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate swaps and adjusting their variable rate debt in relation to total capitalization.

The following are estimates of the fair value of FPL Group's and FPL's financial instruments:

	March 31, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(millions)		
FPL Group:				
Long-term debt, including current maturities	$ 9,804	$ 9,746[a]	$ 9,443	$ 9,540[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,366	$ 1,366[b]	$ 1,290	$ 1,290[b]
Other investments	$ 90	$ 90[b]	$ 80	$ 80[b]
Interest rate swaps – net unrealized loss	$ (7)	$ (7)[c]	$ (9)	$ (9)[c]
FPL:				
Long-term debt, including current maturities	$ 3,800	$ 3,701[a]	$ 3,406	$ 3,416[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,145	$ 1,145[b]	$ 1,151	$ 1,151[b]

[a] Based on market prices provided by external sources.
[b] Based on quoted market prices for these or similar issues.
[c] Based on market prices modeled internally.

The nuclear decommissioning reserve funds of FPL Group consist of restricted funds set aside to cover the cost of 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. 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 OCI.

FPL Group and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to adjust and mitigate interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At March 31, 2006, the estimated fair value for FPL Group interest rate swaps was as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
Fair value hedges – FPL Group Capital:					
$ 150	July 2003	September 2006	variable[a]	7.625%	$ (4)
$ 150	July 2003	September 2006	variable[b]	7.625%	(4)
$ 195	October 2004	April 2006	variable[c]	3.250%	(2)
$ 55	October 2004	April 2006	variable[d]	3.250%	(1)
$ 195	October 2004	April 2006	variable[e]	3.250%	(2)
$ 55	October 2004	April 2006	variable[f]	3.250%	(1)
$ 300	November 2004	February 2007	variable[g]	4.086%	(6)
$ 275	December 2004	February 2007	variable[h]	4.086%	(5)
Total fair value hedges					(25)
Cash flow hedges – FPL Energy:					
$ 89	August 2002	December 2007	4.410%	variable[i]	1
$ 185	August 2003	November 2007	3.557%	variable[i]	5
$ 6	February 2005	June 2008	4.255%	variable[i]	1
$ 82	December 2003	December 2017	4.245%	variable[i]	4
$ 28	April 2004	December 2017	3.845%	variable[i]	2
$ 266	December 2005	November 2019	4.905%	variable[i]	5
Total cash flow hedges					18
Total interest rate hedges					$ (7)

(a) Six-month LIBOR plus 4.9900%
(b) Six-month LIBOR plus 4.9925%
(c) Six-month LIBOR plus 0.0153%
(d) Six-month LIBOR plus 0.0100%
(e) Six-month LIBOR plus 0.1500%
(f) Six-month LIBOR plus 0.1525%
(g) Three-month LIBOR plus 0.50577%
(h) Three-month LIBOR plus 0.4025%
(i) Three-month LIBOR

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of FPL Group's net liabilities would increase by approximately $295 million ($165 million for FPL) at March 31, 2006.

Equity price risk – Included in the nuclear decommissioning reserve funds of FPL Group are marketable equity securities carried at their market value of approximately $1,277 million and $1,113 million ($984 million and $933 million for FPL) at March 31, 2006 and December 31, 2005, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $128 million ($98 million for FPL) reduction in fair value and corresponding adjustments to the related liability accounts based on current regulatory treatment for FPL, or adjustments to OCI for FPL Group's non-rate regulated operations, at March 31, 2006.

Credit risk – For all derivative and contractual transactions, FPL Group's energy marketing and trading operations, which includes FPL's energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Relevant considerations when assessing FPL Group's energy marketing and trading operations' credit risk exposure include:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the United States.
- Overall credit risk is managed through established credit policies.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of cash collateral.
- The use of master netting agreements to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. FPL Group's policy is to have master netting agreements in place with significant counterparties.

Based on FPL Group's policies and risk exposures related to credit, FPL Group and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of March 31, 2006, approximately 99% of FPL Group's and 100% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity – Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of March 31, 2006, each of FPL Group and FPL had 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 each company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) or 15d-15(e)). 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 and ensuring that information required to be disclosed in the company's reports filed or submitted under the Exchange Act is accumulated and communicated to management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure. FPL Group and FPL each have a Disclosure Committee, which is made up of several key management employees and reports directly to the chief executive officer and chief financial officer of each company, to monitor and evaluate these disclosure controls and procedures. 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 their respective disclosure controls and procedures will be met.

(b) Changes in Internal Control over Financial Reporting

FPL Group and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout FPL Group and FPL. However, there has been no change in FPL Group's or FPL's internal control over financial reporting that occurred during FPL Group's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, FPL Group's or FPL's internal control over financial reporting.

In June 2005, a wholly-owned subsidiary of FPL Group completed the acquisition of Gexa Corp., which was valued at approximately $73 million, payable in shares of FPL Group common stock. Total assets and operating revenues of the entities acquired in connection with the acquisition of Gexa Corp. (Gexa) represent less than 1% and approximately 3%, respectively, of FPL Group's consolidated total assets and total operating revenues as of and for the three months ended March 31, 2006. FPL Group does not consider Gexa material to FPL Group's results of operations, financial position and cash flows. FPL Group is in the process of evaluating the impact of Gexa's business on FPL Group's internal control over financial reporting and has noted numerous inadequacies throughout Gexa's operations, including the contract approval and administration process, the customer enrollment process, billing system security and accounting and financial controls. FPL Group is in the process of documenting controls and remediating these inadequacies and expects to complete this process in 2006. FPL Group's management does not believe these inadequacies affect the adequacy of FPL Group's internal control over financial reporting because of the relative immateriality of Gexa's activities.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2005 Form 10-K for FPL Group and FPL.

In the FMPA proceedings, in January 2006, the FERC issued an order delaying FPL's compliance filing pending the FERC's decision on FPL's rehearing request related to the December 2005 FERC order.

In the TXU lawsuit, the trial has been rescheduled for November 2006.

In March 2006, plaintiffs in the Rabbino lawsuit filed their amended complaint which alleges breach of contract and seeks injunctive relief as well as consequential damages. FPL filed a motion to dismiss the amended complaint.

Item 1A. Risk Factors

In addition to the risk factors discussed below and other information set forth in this report, the factors discussed in Part I, Item 1A. Risk Factors in FPL Group's and FPL's 2005 Form 10-K, which could materially affect FPL Group's and FPL's businesses, financial condition and/or future operating results should be carefully considered. The risks described herein and in FPL Group's and FPL's 2005 Form 10-K are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.

FPL Group's proposed merger with Constellation Energy is subject to receipt of consents or approvals from governmental entities that could delay or prevent the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.

- Completion of the merger is conditioned upon the receipt of consents, orders, approvals or clearances, as required, from the FERC, the NRC and the public service commissions or similar entities in several of the states in which Constellation Energy and/or FPL Group operate electric and/or gas businesses, including the state of Maryland. Among other things, governmental entities could seek to block the merger or condition their approval of the merger upon Constellation Energy and/or FPL Group entering into agreements to restrict the operations of the combined businesses in accordance with specified business conduct rules or to take other actions which governmental entities deem necessary or desirable in the public interest. The terms of any such conditions that may be imposed, if any, are not known by FPL Group as of the date hereof. If those approvals are not received, or they are not received on terms that satisfy the conditions set forth in the merger agreement, then neither Constellation Energy nor FPL Group will be required to complete the merger. In addition, the Maryland legislature, governor and Public Service Commission have been engaged in extensive discussions relating to the proposed merger and the imposition of conditions to the granting of necessary approvals, and there can be no assurance that the outcome of these discussions will be favorable to FPL Group, Constellation Energy or the merger. A substantial delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions in connection with such approvals could have a material adverse effect on the business, financial condition or results of operations of the combined company, could result in litigation with one or more governmental entities and/or may cause the abandonment of the merger.

The anticipated benefits of combining FPL Group and Constellation Energy may not be realized.

- FPL Group entered into the merger agreement with the expectation that the merger would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. Although FPL Group expects to achieve the anticipated benefits of the merger, including the synergies, achieving them is subject to a number of uncertainties, including:
  - the ability of the two companies to combine certain of their operations or take advantage of expected growth opportunities;
  - whether the FERC, the NRC, state or any other regulatory authorities whose approval is required to complete the merger impose conditions on the merger or require the combined company to share a portion of the expected synergies of the merger relating to utility operations with customers, any of which may have an adverse effect on the combined company; and
  - general competitive factors in the market place.
- In addition, Constellation Energy's business involves certain risks which are different from the risks of FPL Group's current business, and as a result the combined company may be exposed to competitive, regulatory, operational and other challenges that do not affect FPL Group's businesses to a similar extent.

FPL Group and FPL will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect their businesses.

- Uncertainty about the effect of the merger on employees and customers may have an adverse effect on FPL Group and FPL, regardless of whether the merger is eventually completed. Although FPL Group and FPL have taken steps designed to reduce any adverse effects, these uncertainties may impair FPL Group's and FPL's ability to attract, retain and motivate key personnel until the merger is completed, or the merger agreement is terminated, and for a period of time thereafter, and could cause customers, suppliers and others that deal with FPL Group and FPL to seek to change existing business relationships with FPL Group and FPL.
- Employee retention and recruitment may be particularly challenging during the pendency of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite FPL Group's and FPL's retention and recruiting efforts, key employees depart or fail to accept employment with either of the companies because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, FPL Group's, FPL's or the combined company's business could be seriously harmed.
- The pursuit of the merger and the preparation for the integration of Constellation Energy and FPL Group may place a significant burden on management and internal resources. The diversion of management attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could harm FPL Group's and FPL's businesses, financial condition and operating results, regardless of whether the merger is eventually completed.
- In addition, the merger agreement restricts FPL Group and FPL, without Constellation Energy's consent, from making certain acquisitions and taking other specified actions until the merger occurs or the merger agreement terminates. These restrictions may prevent FPL Group and FPL from pursuing otherwise attractive business opportunities and making other changes to their businesses prior to completion of the merger or termination of the merger agreement.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information regarding purchases made by FPL Group of its common stock:

Period	Total Number of Shares Purchased [a]	Average Price Paid Per Share [a]	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program [b]
				(thousands)
1/1/06 – 1/31/06	15,306	$ 42.06	-	20,000
2/1/06 – 2/28/06	35,354	$ 41.59	-	20,000
3/1/06 – 3/31/06	15,352	$ 40.23	-	20,000
Total	66,012		-	

[a] Represents shares of common stock purchased from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the LTIP.

[b] In February 2005, FPL Group's Board of Directors authorized a common stock repurchase plan of up to 20 million shares of common stock over an unspecified period, which authorization was ratified and confirmed by the Board of Directors in December 2005.

Item 5. Other Information

(a) None

(b) None

(c) Other Events

(i) Reference is made to Item 1. Business – FPL Operations – Competition in the 2005 Form 10-K for FPL Group and FPL.

In March 2006, FPL filed a petition with the FPSC for approval to build two approximately 1,200 mw natural gas-fired combined cycle units in western Palm Beach County, Florida, that would be operational in 2009 and 2010. The FPSC's decision is expected by August 2006. If the FPSC approves the petition, the project will also be subject to approval by a Siting Board (comprised of the governor and cabinet) under the Florida Electrical Power Plant Siting Act.

In April 2006, the FPSC approved the petition by FPL and the other GridFlorida LLC (GridFlorida) participants to withdraw the GridFlorida proposal and close the docket.

(ii) Reference is made to Item 1. Business – FPL Operations – Environmental in the 2005 Form 10-K for FPL Group and FPL.

On March 15, 2006, the EPA denied FPL's and other petitioners' requests to revise the final Clean Air Interstate Rule. FPL will continue to challenge the sulfur dioxide and nitrogen oxide provisions of the rule through a petition filed in the U.S. Court of Appeals for the District of Columbia in July 2005.

(iii) FPL Group's annual meeting of shareholders is generally held in May of each year. However, the 2006 annual meeting of shareholders has not yet been scheduled.

Item 6. Exhibits

Exhibit Number	Description	FPL Group	FPL
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through March 10, 2005 (filed as Exhibit 3(i) to Form S-4, File No. 333-124438)	x	
*3(i)b	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
*3(i)c	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

Exhibit Number	Description	FPL Group	FPL
*3(i)d	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
*3(i)e	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
*3(i)f	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
*3(i)g	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
*3(i)h	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
*3(i)i	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)j to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)j	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)k to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)k	Amendment to FPL's Restated Articles of Incorporation dated February 11, 2005 (filed as Exhibit 3(i)m to Form 10-K for the year ended December 31, 2004, File No. 1-8841)		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)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and nine 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	x	x

Exhibit Number	Description	FPL Group	FPL
	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; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612); Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; and Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02)		
4(b)	One Hundred Tenth Supplemental Indenture dated as of April 1, 2006 between FPL and Deutsche Bank Trust Company Americas, Trustee	x	x
4(c)	Registration Rights Agreement dated April 24, 2006 relating to FPL's first mortgage bonds	x	x
*10(a)	Summary of Non-Employee Director Compensation effective January 1, 2006 (filed as Exhibit 10(c) to Form 10-Q for the quarter ended September 30, 2005, File No. 1-8841)	x	
*10(b)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Deferred Stock Award Agreement (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
*10(c)	Form of FPL Group, Inc. Employee Retention Bonus Plan Agreement (filed as Exhibit 10(ff) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL Group	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL Group	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL		x
32(a)	Section 1350 Certification of FPL Group	x	
32(b)	Section 1350 Certification 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.

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 4, 2006

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 AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Three Months Ended March 31, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 248
Income taxes	75
Fixed charges included in the determination of net income, as below	173
Amortization of capitalized interest	3
Distributed income of equity method investees	26
Less: Equity in earnings of equity method investees	11
Total earnings, as defined	$ 514
Fixed charges, as defined:	
Interest charges	$ 169
Rental interest factor	4
Fixed charges included in the determination of net income	173
Capitalized interest	5
Total fixed charges, as defined	$ 178
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	2.89

[a] FPL Group, Inc. has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Three Months Ended March 31, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 122
Income taxes	59
Fixed charges, as below	72
Total earnings, as defined	$ 253
Fixed charges, as defined:	
Interest charges	$ 68
Rental interest factor	2
Capitalized interest	2
Total fixed charges, as defined	$ 72
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	3.51

[a] Florida Power & Light Company has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer
of FPL Group, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer
of FPL Group, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, 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. (FPL Group) for the quarterly period ended March 31, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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.

Dated: May 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer of FPL Group, Inc.

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer of FPL Group, Inc.

A signed original of this written statement required by Section 906 has been provided to FPL Group and will be retained by FPL Group and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL Group under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of Florida Power & Light Company (FPL) for the quarterly period ended March 31, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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: May 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer of
Florida Power & Light Company

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to FPL and will be retained by FPL and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit (c)-1F

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

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
2-27612	**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.

FPL Group, Inc. Yes X No ___ Florida Power & Light Company Yes ___ No X

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934.

FPL Group, Inc. Large Accelerated Filer X Accelerated Filer ___ Non-Accelerated Filer ___

Florida Power & Light Company Large Accelerated Filer ___ Accelerated Filer ___ Non-Accelerated Filer X

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ___ No X

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 June 30, 2006: 404,419,359 shares.

As of June 30, 2006, 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.

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.

Florida Power & Light Company meets the conditions set forth under General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with reduced disclosure format.

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FPL Group, Inc., Florida Power & Light Company, FPL Group Capital Inc and FPL Energy, LLC each have subsidiaries and affiliates with names that include FPL, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms FPL Group, FPL, FPL Group Capital and FPL Energy are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL Group, Inc.'s (FPL Group's) and/or Florida Power & Light Company's (FPL's) operations and financial results, and could cause FPL Group's and/or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

- FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.
- The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.
- The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL could be adversely affected.
- The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL.
- FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group.
- FPL Group's ability to successfully identify, complete and integrate acquisitions, including the proposed merger with Constellation Energy Group, Inc. (Constellation Energy), is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

- FPL Group's proposed merger with Constellation Energy is subject to receipt of consents or approvals from governmental entities that could delay or prevent the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.
- The anticipated benefits of combining FPL Group and Constellation Energy may not be realized.
- FPL Group and FPL will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect their businesses.
- Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL Group and FPL to grow their businesses and would likely increase interest costs.
- Customer growth in FPL's service area affects FPL Group's and FPL's results of operations.
- Weather affects FPL Group's and FPL's results of operations.
- FPL Group and FPL are subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.
- Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL Group and FPL in unpredictable ways.
- The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.
- FPL Group and FPL are subject to employee workforce factors that could affect the businesses and financial condition of FPL Group and FPL.

These and other risk factors are included in this report in Part II, Item 1A. Risk Factors and in Part I, Item 1A. Risk Factors of FPL Group's and FPL's Annual Report on Form 10-K for the year ended December 31, 2005. Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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,	
	2006	2005	2006	2005
OPERATING REVENUES	$ 3,809	$ 2,741	$ 7,393	$ 5,178
OPERATING EXPENSES				
Fuel, purchased power and interchange	2,174	1,393	4,227	2,631
Other operations and maintenance	521	437	995	852
Disallowed storm costs	54	-	54	-
Merger-related	6	-	11	-
Amortization of storm reserve deficiency	37	44	70	63
Depreciation and amortization	294	314	581	621
Taxes other than income taxes	285	233	548	458
Total operating expenses	3,371	2,421	6,486	4,625
OPERATING INCOME	438	320	907	553
OTHER INCOME (DEDUCTIONS)				
Interest charges	(178)	(140)	(347)	(278)
Equity in earnings of equity method investees	30	26	41	46
Gains on disposal of equity method investees and leveraged leases – net	-	8	-	23
Allowance for equity funds used during construction	5	12	9	22
Interest income	20	17	27	32
Other – net	-	14	1	18
Total other deductions – net	(123)	(63)	(269)	(137)
INCOME BEFORE INCOME TAXES	315	257	638	416
INCOME TAXES	77	54	152	76
NET INCOME	$ 238	$ 203	$ 486	$ 340
Earnings per share of common stock:				
Basic	$ 0.60	$ 0.53	$ 1.24	$ 0.90
Assuming dilution	$ 0.60	$ 0.52	$ 1.23	$ 0.89
Dividends per share of common stock	$ 0.375	$ 0.355	$ 0.75	$ 0.71
Weighted-average number of common shares outstanding:				
Basic	394.3	381.4	391.8	376.1
Assuming dilution	396.7	386.3	394.9	381.5

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, 2005 (2005 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	June 30, 2006	December 31, 2005
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 33,175	$ 31,886
Nuclear fuel	621	520
Construction work in progress	1,383	945
Less accumulated depreciation and amortization	(11,301)	(10,888)
Total property, plant and equipment – net	23,878	22,463
CURRENT ASSETS		
Cash and cash equivalents	134	530
Customer receivables, net of allowances of $30 and $34, respectively	1,372	1,064
Other receivables, net of allowances of $10 and $9, respectively	472	366
Materials, supplies and fossil fuel inventory – at average cost	777	567
Regulatory assets:		
Deferred clause and franchise expenses	577	795
Storm reserve deficiency	158	156
Derivatives	215	-
Other	7	7
Derivatives	218	1,074
Other	437	428
Total current assets	4,367	4,987
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,608	2,401
Other investments	437	467
Regulatory assets:		
Storm reserve deficiency	801	957
Deferred clause expenses	170	307
Unamortized loss on reacquired debt	40	42
Other	81	37
Other	1,382	1,343
Total other assets	5,519	5,554
TOTAL ASSETS	$ 33,764	$ 33,004
CAPITALIZATION		
Common stock	$ 4	$ 4
Additional paid-in capital	4,486	4,182
Retained earnings	4,696	4,506
Accumulated other comprehensive loss	(111)	(193)
Total common shareholders' equity	9,075	8,499
Long-term debt	8,360	8,039
Total capitalization	17,435	16,538
CURRENT LIABILITIES		
Commercial paper	1,692	1,159
Current maturities of long-term debt	1,878	1,404
Accounts payable	1,061	1,245
Customer deposits	457	433
Margin cash deposits	15	393
Accrued interest and taxes	409	253
Regulatory liabilities:		
Deferred clause and franchise revenues	39	32
Derivatives	-	757
Derivatives	580	463
Other	699	1,128
Total current liabilities	6,830	7,267
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,898	1,685
Accumulated deferred income taxes	3,257	3,015
Regulatory liabilities:		
Accrued asset removal costs	2,005	2,033
Asset retirement obligation regulatory expense difference	764	786
Unamortized investment tax credits	53	62
Other	90	90
Other	1,432	1,528
Total other liabilities and deferred credits	9,499	9,199
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 33,764	$ 33,004

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Six Months Ended June 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 486	$ 340
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	560	600
Nuclear fuel amortization	64	45
Recoverable storm-related costs of FPL	(319)	(246)
Amortization of storm reserve deficiency	70	63
Unrealized (gains) losses on marked to market energy contracts	(26)	126
Deferred income taxes and related regulatory credit	268	164
Deferred pension cost	(48)	(46)
Cost recovery clauses and franchise fees	362	(35)
Equity in earnings of equity method investees	(41)	(46)
Distribution of earnings from equity method investees	55	9
Changes in operating assets and liabilities:		
Customer receivables	(307)	(237)
Other receivables	66	(35)
Material, supplies and fossil fuel inventory	(197)	(81)
Other current assets	(52)	(36)
Accounts payable	(159)	253
Customer deposits	24	2
Margin cash deposits	(378)	6
Income taxes	(153)	(76)
Interest and other taxes	156	114
Other current liabilities	(15)	(101)
Other liabilities	(13)	(8)
Other – net	71	19
Net cash provided by operating activities	474	794
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(933)	(808)
Independent power investments	(1,076)	(434)
Nuclear fuel purchases	(106)	(38)
Sale of independent power investments	-	16
Proceeds from sale of securities in nuclear decommissioning funds	1,866	1,134
Purchases of securities in nuclear decommissioning and storm funds	(1,904)	(1,212)
Proceeds from sale of other securities	36	64
Purchases of other securities	(46)	(76)
Funding of secured loan	-	(33)
Proceeds from termination of leveraged lease	-	43
Other – net	(8)	20
Net cash used in investing activities	(2,171)	(1,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	1,541	799
Retirements of long-term debt	(759)	(675)
Proceeds from purchased Corporate Units	210	-
Payments to terminate Corporate Units	(258)	-
Retirements of preferred stock – FPL	-	(5)
Net change in short-term debt	533	(21)
Issuances of common stock	303	610
Dividends on common stock	(296)	(271)
Other – net	27	22
Net cash provided by financing activities	1,301	459
Net decrease in cash and cash equivalents	(396)	(71)
Cash and cash equivalents at beginning of period	530	225
Cash and cash equivalents at end of period	$ 134	$ 154
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of common stock and conversion of options and warrants in connection with the acquisition of Gexa Corp. (Gexa)	$ -	$ 81

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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,	
	2006	2005	2006	2005
OPERATING REVENUES	$ 2,999	$ 2,298	$ 5,583	$ 4,338
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,751	1,149	3,289	2,226
Other operations and maintenance	359	316	689	626
Disallowed storm costs	54	-	54	-
Amortization of storm reserve deficiency	37	44	70	63
Depreciation and amortization	197	232	392	462
Taxes other than income taxes	262	214	504	418
Total operating expenses	2,660	1,955	4,998	3,795
OPERATING INCOME	339	343	585	543
OTHER INCOME (DEDUCTIONS)				
Interest charges	(75)	(50)	(143)	(99)
Allowance for equity funds used during construction	5	12	9	22
Interest income	12	2	13	4
Other – net	(4)	(1)	(5)	1
Total other deductions – net	(62)	(37)	(126)	(72)
INCOME BEFORE INCOME TAXES	277	306	459	471
INCOME TAXES	95	105	154	158
NET INCOME	$ 182	$ 201	$ 305	$ 313

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	June 30, 2006	December 31, 2005
ELECTRIC UTILITY PLANT		
Plant in service	$ 23,644	$ 23,251
Nuclear fuel	394	380
Construction work in progress	1,018	776
Less accumulated depreciation and amortization	(9,740)	(9,530)
Electric utility plant – net	15,316	14,877
CURRENT ASSETS		
Cash and cash equivalents	60	56
Customer receivables, net of allowances of $15 and $20, respectively	925	653
Other receivables, net of allowances of $1 and $1, respectively	174	313
Materials, supplies and fossil fuel inventory – at average cost	566	449
Regulatory assets:		
Deferred clause and franchise expenses	577	795
Storm reserve deficiency	158	156
Derivatives	215	-
Other	7	7
Derivatives	18	828
Other	181	212
Total current assets	2,881	3,469
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,098	2,083
Regulatory assets:		
Storm reserve deficiency	801	957
Deferred clause expenses	170	307
Unamortized loss on reacquired debt	40	42
Other	81	37
Other	999	954
Total other assets	4,189	4,380
TOTAL ASSETS	$ 22,386	$ 22,726
CAPITALIZATION		
Common stock	$ 1,373	$ 1,373
Additional paid-in capital	4,318	4,318
Retained earnings	1,350	1,046
Total common shareholder's equity	7,041	6,737
Long-term debt	4,213	3,271
Total capitalization	11,254	10,008
CURRENT LIABILITIES		
Commercial paper	958	1,159
Current maturities of long-term debt	-	135
Accounts payable	743	863
Customer deposits	446	423
Margin cash deposits	-	382
Accrued interest and taxes	329	174
Regulatory liabilities:		
Deferred clause and franchise revenues	39	32
Derivatives	-	757
Derivatives	198	-
Other	618	929
Total current liabilities	3,331	4,854
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,513	1,474
Accumulated deferred income taxes	2,584	2,647
Regulatory liabilities:		
Accrued asset removal costs	2,005	2,033
Asset retirement obligation regulatory expense difference	764	786
Unamortized investment tax credits	53	62
Other	90	90
Other	792	772
Total other liabilities and deferred credits	7,801	7,864
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 22,386	$ 22,726

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 305	$ 313
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	371	441
Nuclear fuel amortization	43	35
Recoverable storm-related costs	(319)	(246)
Amortization of storm reserve deficiency	70	63
Deferred income taxes and related regulatory credit	175	114
Deferred pension cost	(39)	(37)
Cost recovery clauses and franchise fees	362	(35)
Changes in operating assets and liabilities:		
Customer receivables	(272)	(102)
Other receivables	32	8
Material, supplies and fossil fuel inventory	(118)	(76)
Other current assets	(44)	(42)
Accounts payable	(91)	160
Customer deposits	23	7
Margin cash deposits	(382)	-
Income taxes	125	85
Interest and other taxes	155	116
Other current liabilities	(10)	(36)
Other liabilities	(23)	26
Other – net	46	(18)
Net cash provided by operating activities	409	776
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(933)	(808)
Nuclear fuel purchases	(42)	(37)
Proceeds from sale of securities in nuclear decommissioning funds	1,579	1,101
Purchases of securities in nuclear decommissioning and storm funds	(1,611)	(1,170)
Other – net	-	(2)
Net cash used in investing activities	(1,007)	(916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	938	294
Retirements of long-term debt	(135)	-
Retirements of preferred stock	-	(25)
Net change in short-term debt	(201)	(55)
Dividends	-	(66)
Net cash provided by financing activities	602	148
Net increase in cash and cash equivalents	4	8
Cash and cash equivalents at beginning of period	56	65
Cash and cash equivalents at end of period	$ 60	$ 73

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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 2005 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 condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Employee Retirement Benefits

Employee Benefit Plans and Other Postretirement Plan – FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries. FPL Group also has a supplemental executive retirement plan (SERP). See Supplemental Retirement Plan below. In addition to pension benefits, FPL Group sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of FPL Group and its subsidiaries meeting certain eligibility requirements.

The following table provides the components of net periodic benefit (income) cost for the plans:

	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	Three Months Ended June 30,				Six Months Ended June 30,			
	2006	2005	2006	2005	2006	2005	2006	2005
	(millions)							
Service cost	$ 13	$ 13	$ 1	$ 2	$ 25	$ 26	$ 3	$ 4
Interest cost	22	22	6	6	44	43	12	13
Expected return on plan assets	(53)	(53)	(1)	(1)	(107)	(105)	(2)	(2)
Amortization of transition obligation	-	-	1	1	-	-	2	2
Amortization of prior service benefit	(1)	(1)	-	-	(2)	(2)	-	-
Amortization of (gains) losses	(4)	(4)	-	1	(7)	(8)	-	1
Other	-	-	-	-	-	-	2	-
Net periodic benefit (income) cost at FPL Group	$ (23)	$ (23)	$ 7	$ 9	$ (47)	$ (46)	$ 17	$ 18
Net periodic benefit (income) cost at FPL	$ (19)	$ (18)	$ 6	$ 8	$ (38)	$ (37)	$ 15	$ 16

Supplemental Retirement Plan – FPL Group has a SERP which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. The cost of this SERP component is included in the determination of net periodic benefit income for pension benefits in the preceding table and amounted to approximately $1 million and $1 million for FPL Group for the three months ended June 30, 2006 and 2005, respectively, and approximately $2 million and $1 million for the six months ended June 30, 2006 and 2005, respectively.

2. Derivative Instruments

Derivative instruments, when required to be marked to market under Statement of Financial Accounting Standards No. (FAS) 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value.

FPL Group's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	FPL Group		FPL	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
	(millions)			
Current derivative assets	$ 218	$ 1,074	$ 18	$ 828
Other assets	46	62	1	-
Current derivative liabilities	(580)	(463)	(198)	-
Other liabilities	(265)	(387)	(31)	-
Total mark-to-market derivative instrument assets (liabilities)	$ (581)	$ 286	$ (210)	$ 828

FPL Group and FPL use derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate risk associated with long-term debt. In addition, FPL Group uses derivatives to optimize the value of power generation assets. At FPL, substantially all changes in the fair value of derivatives are deferred as a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause) or the capacity cost recovery clause (capacity clause). For FPL Group's non-rate regulated operations, predominantly FPL Energy, LLC (FPL Energy), essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in

FPL Group's condensed consolidated statements of income unless hedge accounting is applied. While the majority 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 in offsetting the hedged risk. Additionally, for hedges of commodity price risks, physical delivery for forecasted commodity transactions must be probable. FPL Group believes that where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has not occurred. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis. Generally, 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.

At June 30, 2006, FPL Group had cash flow hedges with expiration dates through December 2010 for energy contract derivative instruments, and interest rate cash flow hedges with expiration dates through November 2019. 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 net unrealized gains (losses) on these hedges flows through earnings in the current period and amounted to $4 million and $(5) million for the three months ended June 30, 2006 and 2005, respectively, and $12 million and $(10) million for the six months ended June 30, 2006 and 2005, respectively. Settlement gains and losses are included within the line items in the statements of income to which they relate.

FPL Group's unrealized mark-to-market gains (losses) on derivative transactions reflected in the condensed consolidated statements of income for consolidated subsidiaries and equity method investees are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	(millions)			
Consolidated subsidiaries	$ (35)	$ (80)	$ 26	$ (126)
Equity method investees	$ (5)	$ (3)	$ (15)	$ (3)

3. Comprehensive Income

FPL Group's comprehensive income is as follows:

	Three Months Ended June 30,	
	2006	2005
	(millions)	
Net income of FPL Group	$ 238	$ 203
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $12 tax expense and $12 tax benefit, respectively)	17	(18)
Reclassification from other comprehensive income (OCI) to net income (net of $4 and $5 tax expense, respectively)	6	7
Net unrealized gains (losses) on interest rate cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $2 tax expense and $2 tax benefit, respectively)	3	(4)
Reclassification from OCI to net income (net of $0.4 and $0.4 tax expense, respectively)	1	1
Net unrealized gains (losses) on available for sale securities (net of $5 tax benefit and $1 tax expense, respectively)	(8)	2
Comprehensive income of FPL Group	$ 257	$ 191

	Six Months Ended June 30,	
	2006	2005
	(millions)	
Net income of FPL Group	$ 486	$ 340
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $38 tax expense and $56 tax benefit, respectively)	55	(81)
Reclassification from OCI to net income (net of $13 and $10 tax expense, respectively)	20	16
Net unrealized gains (losses) on interest rate cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $4 tax expense and $0.4 tax benefit, respectively)	8	(1)
Reclassification from OCI to net income (net of $1 and $1 tax expense, respectively)	1	2
Net unrealized losses on available for sale securities (net of $2 and $2 tax benefit, respectively)	(3)	(3)
Supplemental retirement plan liability adjustment (net of $0.5 tax expense in 2006)	1	-
Comprehensive income of FPL Group	$ 568	$ 273

Approximately $65 million of losses included in FPL Group's accumulated other comprehensive loss at June 30, 2006 will be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or interest payments are made. Such amount assumes no change in fuel prices, power prices or interest rates. Accumulated other comprehensive loss is separately displayed on the condensed consolidated balance sheets of FPL Group.

4. Common Stock

Earnings Per Share – The reconciliation of FPL Group's basic and diluted earnings per share of common stock is shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	(millions, except per share amounts)			
Numerator – net income	$ 238	$ 203	$ 486	$ 340
Denominator:				
Weighted-average number of common shares outstanding – basic	394.3	381.4	391.8	376.1
Restricted stock, performance share awards, options, warrants and equity units [a]	2.4	4.9	3.1	5.4
Weighted-average number of common shares outstanding – assuming dilution	396.7	386.3	394.9	381.5
Earnings per share of common stock:				
Basic	$ 0.60	$ 0.53	$ 1.24	$ 0.90
Assuming dilution	$ 0.60	$ 0.52	$ 1.23	$ 0.89

(a) Performance share awards are included in diluted weighted-average number of common shares outstanding based upon what would be issued if the end of the reporting period were the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units (known as Corporate Units) are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable upon the exercise of stock options which were not included in the denominator above due to their antidilutive effect were approximately 0.3 million and 0.4 million for the three months ended June 30, 2006 and 2005, respectively, and 0.3 million and 0.4 million for the six months ended June 30, 2006 and 2005, respectively.

In February 2006, FPL Group issued approximately 8.7 million shares of common stock upon settlement of the stock purchase contracts issued in connection with its 8% Corporate Units. See Note 7.

Stock-Based Compensation – Effective January 1, 2006, FPL Group adopted FAS 123(R), "Share-Based Payment," using the modified prospective application transition method. Accordingly, the condensed consolidated balance sheet as of December 31, 2005, the condensed consolidated statements of income for the three and six months ended June 30, 2005 and the condensed consolidated statements of cash flows for the six months ended June 30, 2005 do not reflect any restated

amounts. Because FPL Group adopted the fair value recognition provisions of FAS 123, "Accounting for Stock-Based Compensation," in 2004, the adoption of FAS 123(R) did not have a significant effect on FPL Group's financial statements.

Net income for the three and six months ended June 30, 2006 includes approximately $8 million and $18 million, respectively, of compensation costs and $3 million and $7 million, respectively, of income tax benefits related to stock-based compensation arrangements. Net income for the three and six months ended June 30, 2005 includes approximately $9 million and $15 million, respectively, of compensation costs and $3 million and $6 million, respectively, of income tax benefits related to stock-based compensation arrangements. As of June 30, 2006, there were approximately $55 million of unrecognized compensation costs related to nonvested/nonexercisable share-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.7 years. For awards granted subsequent to December 31, 2005, compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. For awards granted prior to that date, compensation costs for awards with graded vesting are recognized using the graded vesting attribution method.

At June 30, 2006, approximately 26.6 million shares of common stock were authorized and 18.8 million were available for awards (including outstanding awards) to officers, employees and non-employee directors of FPL Group and its subsidiaries under FPL Group's long-term incentive plan (LTIP) and non-employee directors stock plan. FPL Group satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. FPL Group satisfies stock option exercises by issuing new shares of its common stock.

Restricted Stock and Performance Share Awards – Restricted stock typically vests within three years and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of FPL Group common stock as of the date of grant. Performance share awards are typically payable at the end of a three-year performance period if the specified performance criteria are met. The fair value of performance share awards is estimated based upon the closing market price of FPL Group common stock as of the date of grant less the present value of expected dividends, multiplied by an estimated performance multiple determined on the basis of historical experience, which is subsequently trued up at vesting based on actual performance.

The activity in restricted stock and performance share awards for the three months ended June 30, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted Stock:		
Nonvested balance, April 1, 2006	1,155,801	$ 37.85
Granted	6,900	$ 39.49
Vested	(15,128)	$ 32.45
Forfeited	(5,166)	$ 39.92
Nonvested balance, June 30, 2006	1,142,407	$ 37.92
Performance Share Awards:		
Nonvested balance, April 1, 2006	1,150,423	$ 33.57
Granted	-	$ -
Vested	-	$ -
Forfeited	(7,630)	$ 33.72
Nonvested balance, June 30, 2006	1,142,793	$ 33.56

The activity in restricted stock and performance share awards for the six months ended June 30, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted Stock:		
Nonvested balance, January 1, 2006	1,022,545	$ 35.54
Granted	363,939	$ 41.76
Vested	(231,811)	$ 33.36
Forfeited	(12,266)	$ 40.41
Nonvested balance, June 30, 2006	1,142,407	$ 37.92
Performance Share Awards:		
Nonvested balance, January 1, 2006	1,145,502	$ 29.88
Granted	581,978	$ 34.08
Vested	(574,947)	$ 26.73
Forfeited	(9,740)	$ 33.52
Nonvested balance, June 30, 2006	1,142,793	$ 33.56

The weighted-average grant date fair value of restricted stock granted for the three and six months ended June 30, 2005 was $40.50 and $38.20, respectively. The weighted-average grant date fair value of performance share awards granted for the three and six months ended June 30, 2005 was $40.42 and $34.16, respectively.

The total fair value of restricted stock and performance share awards vested was $1 million and $2 million for the three months ended June 30, 2006 and 2005, respectively, and $34 million and $15 million for the six months ended June 30, 2006 and 2005, respectively.

Options – Options typically vest within three years and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of FPL Group common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	2006	2005
Expected volatility [a]	19.56%	20.00%
Expected dividends	3.40%	3.68%
Expected term (years) [b]	6	7
Risk-free rate	4.60%	4.08%

(a) Based on historical experience.
(b) In 2006, FPL Group elected to use the "simplified" method to calculate the expected term. In 2005, the expected term was derived from historical experience.

Option activity for the three months ended June 30, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, April 1, 2006	7,431,807	$ 29.99		
Granted	-	$ -		
Exercised	(129,903)	$ 28.18		
Forfeited	-	$ -		
Expired	-	$ -		
Balance, June 30, 2006	7,301,904	$ 30.03	6.2	$ 83

Option activity for the six months ended June 30, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2006	7,228,617	$ 29.42		
Granted	334,500	$ 41.76		
Exercised	(250,218)	$ 28.24		
Forfeited	(10,995)	$ 28.38		
Expired	-	$ -		
Balance, June 30, 2006	7,301,904	$ 30.03	6.2	$ 83
Exercisable, June 30, 2006	6,530,072	$ 29.10	5.9	$ 80

The weighted-average grant date fair value of options granted was $7.46 and $6.30 for six months ended June 30, 2006 and 2005, respectively. There were no options granted during the three months ended June 30, 2006 or 2005.

The total intrinsic value of stock options exercised was approximately $2 million and $4 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $3 million and $14 million for the six months ended June 30, 2006 and 2005, respectively.

Cash received from option exercises was approximately $4 million and $8 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $7 million and $33 million for the six months ended June 30, 2006 and 2005,

respectively. The tax benefits realized from options exercised was approximately $0.5 million and $1 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $1 million and $5 million for the six months ended June 30, 2006 and 2005, respectively.

5. Storm Reserve Deficiency

FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004 which did major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At June 30, 2006, FPL's storm reserve deficiency totaled approximately $959 million. In May 2006, the Florida Public Service Commission (FPSC) approved the issuance of approximately $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency at the time the bonds are issued or, approximately $934 million, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs will continue to be recovered through a previously approved storm damage surcharge until the bonds are issued.

In its decision, the FPSC applied a different standard for recovery of 2005 storm costs than was used for the 2004 storm costs. Accordingly, the FPSC made certain adjustments and disallowances to amounts sought to be recovered by FPL. In addition, the FPSC allowed FPL to recover interest on 2005 storm restoration costs. These adjustments and disallowances, net of interest, reduced FPL Group's and FPL's net income for the three and six months ended June 30, 2006 by approximately $28 million, reduced FPL Group's and FPL's storm reserve deficiency by approximately $35 million and reduced FPL Group's and FPL's property, plant and equipment by approximately $11 million at June 30, 2006.

6. Income Taxes

FPL Group's effective income tax rate for the three months ended June 30, 2006 and 2005 was approximately 24.4% and 21.1%, respectively. The reduction from the statutory rate mainly reflects the benefit of production tax credits (PTCs) of approximately $38 million and $37 million, respectively, related to FPL Energy's wind projects. The corresponding rates and amounts for the six months ended June 30, 2006 and 2005 were approximately 23.8% and 18.3%, respectively, and approximately $81 million and $63 million, respectively.

FPL Group recognizes PTCs as wind energy is generated and sold based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, which may differ significantly from amounts computed, on a quarterly basis, using an overall effective income tax rate anticipated for the full year. FPL Group utilizes this method of recognizing PTCs for specific reasons including that they are an integral part of the financial viability of most wind projects and a fundamental component of such wind projects' results of operations.

7. Debt

In June 2002, FPL Group sold 10.12 million 8% Corporate Units. In connection with the 8% Corporate Units financing, FPL Group Capital Inc (FPL Group Capital) issued $506 million principal amount of 5% debentures due February 16, 2008, which were absolutely, irrevocably and unconditionally guaranteed by FPL Group. During 2005, FPL Group Capital remarketed these debentures and the annual interest rate was reset to 5.551%. Each 8% Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder was required to purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group made payments of 3% of the unit's $50 stated value until the shares were purchased. In February 2006, FPL Group paid approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units. Also in February 2006, FPL Group issued approximately 8.7 million shares of common stock in return for approximately $296 million in proceeds upon settlement of the stock purchase contracts issued in connection with the remainder of the 8% Corporate Units.

In January 2006, FPL issued $400 million principal amount of 5.65% first mortgage bonds maturing in February 2037. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes. Also during the three months ended March 31, 2006, FPL borrowed $300 million in notes payable under an uncommitted credit facility. These notes matured in April and May 2006 and had interest rates ranging from 4.8% to 4.92%.

In April 2006, FPL issued $300 million principal amount of 6.20% first mortgage bonds maturing in June 2036 in a private placement transaction. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes.

In May 2006, FPL borrowed $250 million under a new five-year term loan facility. The loan bears interest at a variable rate and the principal is due in May 2008. The proceeds from the loan were used for general corporate purposes. Under the terms of the term loan facility, FPL is required to maintain a minimum ratio of funded debt to total capitalization.

In June 2006, FPL Group Capital borrowed $400 million under three separate two-year term loan facilities. Each of the loans

bears interest at a variable rate and the principal is due in June 2008. The proceeds from the loans were used for general corporate purposes. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees the payment of these term loans and is required to maintain a minimum ratio of funded debt to total capitalization under the terms of the term loan facilities.

Also in June 2006, Bison Wind, LLC (Bison Wind), an FPL Energy subsidiary, issued $186 million of 6.665% limited-recourse senior secured notes maturing in January 2031. In addition, Bison Wind Portfolio, LLC (Bison Wind Portfolio), another subsidiary of FPL Energy, issued $20 million of 7.51% limited-recourse senior secured notes maturing in July 2021. Principal and interest on each series of notes are payable semi-annually. Substantially all of the proceeds from these note issuances were distributed to FPL Energy in return for a portion of the capital contributions that it made to certain of its direct and indirect subsidiaries for the investment by such subsidiaries in the development, acquisition and construction of two wind power projects located in North Dakota and Oklahoma. The Bison Wind notes are secured by liens on the wind projects' assets and the Bison Wind Portfolio notes are secured by certain other assets. FPL Group Capital has guaranteed certain payments with respect to PTCs generated by the projects, and certain contingent payment and indemnification obligations related to the projects, but did not guarantee payments on either series of the notes. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees these FPL Group Capital payment guarantees.

8. 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 include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At FPL Energy, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind projects and the procurement of nuclear fuel. FPL FiberNet, LLC's (FPL FiberNet's) capital expenditures primarily include costs to meet customer specific requirements and sustain its fiber-optic network. At June 30, 2006, planned capital expenditures for the remainder of 2006 through 2010 were estimated as follows:

	2006	2007	2008	2009	2010	Total
			(millions)			
FPL:						
Generation: [a]						
New [b]	$ 85	$ 365	$ 540	$ 645	$ 500	$ 2,135
Existing [c]	290	555	395	410	285	1,935
Transmission and distribution [c]	340	885	790	840	850	3,705
Nuclear fuel	25	120	85	125	135	490
General and other	85	155	165	160	165	730
Total	$ 825	$ 2,080	$ 1,975	$ 2,180	$ 1,935	$ 8,995
FPL Energy:						
Wind [d]	$ 365	$ 990	$ 5	$ 5	$ 5	$ 1,370
Nuclear [e]	90	140	100	130	150	610
Gas	40	35	35	15	10	135
Other	25	35	10	5	15	90
Total	$ 520	$ 1,200	$ 150	$ 155	$ 180	$ 2,205
FPL FiberNet	$ 7	$ 11	$ 11	$ 11	$ 11	$ 51

(a) Includes allowance for funds used during construction (AFUDC) of approximately $20 million, $33 million, $51 million, $72 million and $71 million in 2006, 2007, 2008, 2009 and 2010, respectively.
(b) Includes generating structures, transmission interconnection and integration, licensing and AFUDC.
(c) Includes estimated capital costs associated with FPL's Storm Secure℠ Plan, an initiative to enhance its electrical grid and power plants as a result of heightened hurricane activity and in response to concerns expressed by the community, state leaders and regulators. These capital costs are subject to change over time based on productivity enhancements and prioritization.
(d) Capital expenditures for new wind projects are estimated through 2007, when eligibility for PTCs for new wind projects is scheduled to expire.
(e) Includes nuclear fuel.

In addition to estimated capital expenditures listed above, FPL and FPL Energy have long-term contracts related to purchased power and/or fuel (see Contracts below). At June 30, 2006, FPL Energy had approximately $2.1 billion in firm commitments, primarily for the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt.

FPL Group and FPL each account for payment guarantees and related contracts, for which it or a subsidiary is the guarantor, under Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," which requires that the fair value of guarantees provided to unconsolidated entities entered into after December 31, 2002, be recorded on the balance sheet. At June 30, 2006, subsidiaries of FPL Group, other than FPL, have guaranteed debt service payments relating to agreements that

existed at December 31, 2002. The term of the guarantees is equal to the term of the related debt, with remaining terms ranging from 1 year to 12 years. The maximum potential amount of future payments that could be required under these guarantees at June 30, 2006 was approximately $14 million. At June 30, 2006, FPL Group did 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 guarantees. Guarantees provided to unconsolidated entities entered into subsequent to December 31, 2002, and the related fair value, were not material as of June 30, 2006.

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 this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Contracts – FPL Group has entered into a long-term agreement for the purchase of wind, combustion and steam turbines, as well as parts, repairs and on-site services through 2021. The related commitments as of June 30, 2006 are included in FPL Energy's and Corporate and Other's minimum payments shown in the table below and in FPL Energy's estimated capital expenditures shown in the table 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 subsidiaries) to pay for approximately 1,300 megawatts (mw) of power annually through mid-2015 and 381 mw annually thereafter through 2021, and one of the Southern subsidiaries' contracts is subject to minimum quantities. FPL also has various firm pay-for-performance contracts to purchase approximately 700 mw of generating capacity from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2009 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has various agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,600 mw of generating capacity with expiration dates ranging from 2007 through 2012. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has contracts with expiration dates through 2028 for the purchase of natural gas, coal and oil, transportation of natural gas and coal, and storage of natural gas.

FPL Energy has entered into several contracts for the purchase of wind turbines and towers in support of substantially all of its planned new wind generation. In addition, FPL Energy has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from 2007 through 2033. FPL Energy also has several contracts for the purchase, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from late-2006 to 2014.

The required capacity and minimum payments under these contracts as of June 30, 2006 were estimated as follows:

	2006	2007	2008	2009	2010	Thereafter
				(millions)		
FPL:						
Capacity payments: [a]						
JEA and Southern subsidiaries [b]	$ 100	$ 200	$ 200	$ 210	$ 200	$ 1,180
Qualifying facilities [b]	$ 150	$ 320	$ 320	$ 320	$ 290	$ 3,500
Other electricity suppliers [b]	$ 55	$ 60	$ 50	$ 50	$ 10	$ 10
Minimum payments, at projected prices:						
Southern subsidiaries – energy [b]	$ 40	$ 80	$ 80	$ 90	$ 40	$ -
Natural gas, including transportation and storage [c]	$ 1,335	$ 1,375	$ 260	$ 260	$ 260	$ 2,405
Coal [c]	$ 30	$ 45	$ 30	$ 10	$ 5	$ 5
Oil [c]	$ 490	$ -	$ -	$ -	$ -	$ -
FPL Energy	$ 530	$ 600	$ 50	$ 50	$ 50	$ 700
Corporate and Other	$ 55	$ -	$ -	$ -	$ -	$ -

(a) Capacity payments under these contracts, the majority of which are recoverable through the capacity clause, totaled approximately $155 million and $156 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $300 million and $307 million for the six months ended June 30, 2006 and 2005, respectively.

(b) Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately $108 million and $90 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $199 million and $179 million for the six months ended June 30, 2006 and 2005, respectively.

(c) Recoverable through the fuel clause.

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 both private sources and an industry retrospective payment

plan. In accordance with this Act, 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 $604 million ($402 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $90 million ($60 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 Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates $12 million, $30 million and $15 million, plus any applicable taxes, per incident, respectively.

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 for an extended period of time 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 $132 million ($88 million for FPL), plus any applicable taxes, 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, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $5 million and $3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL has essentially no insurance coverage on its transmission and distribution property and FPL Group has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Under the terms of the agreement regarding FPL's retail base rates approved by the FPSC (2005 rate agreement), FPL may recover prudently incurred storm restoration costs either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges. See Note 5.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered from customers 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.

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. The EPA further revised its civil penalty rule in February 2004, such that the maximum penalty is $32,500 per day for each violation after March 15, 2004. 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 opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals ruled on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative compliance 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 June 2003, the Eleventh Circuit issued its order dismissing the TVA's appeal because it found the provision of the Clean Air Act allowing the EPA to issue binding administrative compliance orders was unconstitutional, and hence found that the TVA order was a non-final order that courts of appeal do not have jurisdiction to review. In September 2003, the Eleventh Circuit denied the EPA's motion for rehearing. In May 2004, the U.S. Supreme Court denied the EPA's petition for review of the Eleventh Circuit order. The EPA has not yet moved to reopen the Georgia Power Company case.

In 2001, Florida Municipal Power Agency (FMPA) filed with the U.S. 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 Federal Energy Regulatory Commission (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 since 1996. In the orders appealed by FMPA, the 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, the 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. In January 2003, the DC Circuit upheld the FERC's order denying FMPA credits for its facilities; in March 2003, the

DC Circuit denied FMPA's rehearing request of the DC Circuit's decision; and in October 2003, the U.S. Supreme Court denied FMPA's petition for review of the DC Circuit's decision.

FMPA also has requested that the FERC decide the same crediting issue in a separate FERC proceeding. That proceeding dates back to a filing by FPL in 1993 of a comprehensive restructuring of its then-existing tariff structure. All issues in that case were settled in September 2000 except for three issues reserved by FMPA: (i) the crediting issue, (ii) treatment of behind-the-meter generation and load ratio pricing for network integration transmission service, and (iii) exclusions from FPL's transmission rates of the costs of FPL's facilities that failed to meet the same integration test that was applied to FMPA's facilities with respect to the crediting issue. In December 2003, the FERC issued an order addressing the three reserved issues. With respect to the crediting issue, the FERC stated that it had previously determined that FMPA was not entitled to credits for its facilities in the related proceeding discussed above and saw no persuasive reason to revisit that determination in this proceeding. Regarding the issue of behind-the-meter generation, the FERC stated that it had addressed the issue of load ratio pricing for network integration transmission service and the related issue of behind-the-meter generation in Order Nos. 888 and 888-A, and saw no persuasive reason to revisit that determination in this proceeding. With respect to the third issue, the FERC directed FPL to make a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test applied to the FMPA facilities.

In January 2004, FMPA requested a "conditional rehearing on the Commission's failure to order rate credits solely in the event that Commission does not adequately reduce FPL's rate base to achieve comparability," and challenging the FERC's determination not to revisit the issue of behind-the-meter generation and load ratio pricing for network integration transmission service. In March 2004, the FERC issued an order denying FMPA's rehearing request. In April 2004, FMPA petitioned the DC Circuit for review of the FERC's December 2003 order and March 2004 order. FMPA filed its initial brief in that proceeding in October 2004. FMPA's arguments are limited to the issue of behind-the-meter generation and load ratio pricing for network integration transmission service in instances when, according to FMPA, FPL cannot provide transmission service because of "physical transmission limitations." In June 2005, the DC Circuit remanded the case to the FERC for further consideration. The DC Circuit concluded that the FERC failed to explain in its orders why network customers should be charged by the transmission provider for network service that the provider is physically constrained from offering and why physical impossibility should not be recognized as an exception to the general rule against permitting partial load ratio pricing for network customers. The DC Circuit noted that it was not reaching a determination on whether charging on a full load basis in fact is unjust and unreasonable under the circumstances, that it was not defining what constitutes physical impossibility, and that it was not determining whether FMPA made a showing of impossibility. In December 2005, the FERC issued an order on remand answering the DC Circuit's question by finding that FPL is entitled to load ratio share pricing, notwithstanding constraints on a third-party's system. In January 2006, FMPA filed a rehearing request of this order with the FERC. In July 2006, the FERC denied FMPA's request for rehearing.

In May 2004, FPL made a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test that was applied to the FMPA facilities. Pursuant to this filing, 1.63% of FPL's transmission facilities do not satisfy the integration standard and FPL's current network transmission rate would be reduced by $0.02 per kilowatt (kw) per month. In June 2004, FMPA filed a protest to FPL's compliance filing, which protest would exclude approximately 30% of FPL's transmission facilities and reduce FPL's current network transmission rate by approximately $0.41 per kw per month. In January 2005, the FERC issued an order on FPL's compliance filing. In the order, the FERC accepted FPL's standards for analyzing the transmission system and agreed that FPL's "Georgia Ties" and "Turkey Point Lines" are part of FPL's integrated grid. The FERC required FPL to make an additional compliance filing removing the cost of all radial transmission lines from transmission rates, rather than only radial lines that serve one customer, analyzing the FPL transmission system to remove the cost of any transmission facilities that provide only "unneeded redundancy," and calculating rate adjustments using 1993 data rather than 1998 data. FPL made this compliance filing in April 2005, reducing FPL's rate $0.04 per kw per month. In May 2005, FMPA protested FPL's compliance filing, claiming that FPL had not followed the FERC's mandate and argued that FPL's rates should be reduced by an additional $0.20 per kw per month, potentially resulting in a refund obligation to FMPA of approximately $20 million at June 30, 2006. Any reduction in FPL's network service rate also would apply effective January 1, 2004 to Seminole Electric Cooperative Inc. (Seminole), FPL's other network customer. The refund obligation to Seminole based on FMPA's position is approximately $7 million at June 30, 2006.

In December 2005, the FERC issued an order accepting FPL's April 2005 compliance filing in part, rejecting it in part, and directing the submission of a further compliance filing. The FERC accepted FPL's compliance filing wherein FPL proposed a reduction in its rate base created by the exclusion of certain radial lines valued at $29 million net plant. However, the FERC concluded that it is not clear whether FPL failed to test its non-radial facilities in a manner comparable to the way it tested FMPA's facilities. The December 2005 order directed FPL to make a further compliance filing within 60 days to explain the meaning of "unserved load" as it applies to Florida Reliability Coordinating Council (FRCC) standards, and to remove from rates any facility where the unserved load occurred only as a result of the contingency facility. The FERC stated that FRCC and North American Electric Reliability Council (NERC) standards allow for the controlled loss of load on radial facilities and that FPL tested FMPA facilities for loss of local load as well as load at other load centers. FPL filed a rehearing request in January 2006, contending that the FERC misapplied FRCC/NERC planning criteria for radial facilities to network systems and misinterpreted the test FPL applied to FMPA facilities. FPL also filed a request to delay the compliance filing pending FERC

action on FPL's rehearing request, and in January 2006, the FERC granted that request. In July 2006, the FERC denied FPL's request for rehearing and ordered FPL to make its compliance filing within 60 days. At June 30, 2006, FPL's refund liability under the FERC's most recent order is estimated to be up to approximately $10 million to FMPA and up to approximately $3 million to Seminole.

In 1995 and 1996, FPL Group, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. On June 24, 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against FPL Group and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest. FPL Group has filed an answer to the complaint. FPL Group believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from FPL Group, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. Discovery has been temporarily stayed at the request of the plaintiffs and the case has been reset for trial in January 2008.

In 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, as subsequently amended, 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 January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. Plaintiff's appeal of this matter is pending before the U.S. Court of Appeals for the 11th Circuit.

In 2003, Tish Blake and John Lowe, as personal representatives of the Estate of Ashton Lowe, on behalf of the estate and themselves, as surviving parents, brought an action in the U.S. District Court for the Southern District of Florida alleging that their son developed cancer (medulo-blastoma) 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 allegations, counts and damages demanded in the complaint, as subsequently amended, are virtually identical to those contained in the Finestone lawsuit described above. In January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. Plaintiff's appeal of this matter is pending before the U.S. Court of Appeals for the 11th Circuit.

In 2003, Pedro C. and Emilia Roig brought an action on behalf of themselves and their son, Pedro Anthony Roig, in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida (the state court), which was removed in October 2003 to the U.S. District Court for the Southern District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies and FPL, 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 power plants in southeast Florida. 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. The U.S. District Court remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In 2003, Edward and Janis Shiflett brought an action on behalf of themselves and their son, Phillip Benjamin Shiflett, in the Circuit Court of the 18th Judicial Circuit in and for Brevard County, Florida (the state court), which was removed in January 2004 to the U.S. District Court for the Middle District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, FPL and the Orlando Utilities Commission, alleging that their son has suffered toxic neurological effects from mercury poisoning. The allegations, counts and damages demanded in the complaint with respect to FPL are virtually identical to those contained in the Roig lawsuit described above. FPL's motion to dismiss the complaint was denied. The U.S. District Court subsequently remanded the action back to the state court. The

drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (FPL Energy Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. The petition alleges that the FPL Energy Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of energy each year and that the FPL Energy Affiliates failed to meet this obligation. The plaintiff has asserted claims for breach of contract and declaratory judgment and seeks damages of approximately $21 million. The FPL Energy Affiliates filed their answer and counterclaim in November 2004, denying the allegations. The counterclaim, as now amended, asserts claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and seeks termination of the contract and damages. At the end of 2005, TXU amended its complaint to add FPL Group, FPL Energy, FPL Group Capital and ESI Energy, LLC (ESI Energy), as defendants. Motions to dismiss those entities as defendants were filed, and FPL Group, FPL Group Capital and ESI Energy have been dismissed. The case is in discovery and has been set for trial in November 2006.

In addition to those legal proceedings discussed above, 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. In addition, generating plants in which FPL Group or FPL have an ownership interest are involved in legal proceedings and claims, the liabilities from which, if any, would be shared by FPL Group or FPL.

FPL Group and FPL believe that they have meritorious defenses to all the pending litigation and proceedings discussed above under the heading Litigation and are vigorously defending the lawsuits. While management is unable to predict with certainty the outcome of the legal proceedings and claims discussed or described herein, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of FPL Group or FPL.

9. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a competitive energy business. 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,							
	2006				2005			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 2,999	$ 771	$ 39	$ 3,809	$ 2,298	$ 420	$ 23	$ 2,741
Operating expenses	$ 2,660	$ 661	$ 50	$ 3,371	$ 1,955	$ 444	$ 22	$ 2,421
Net income (loss) [b]	$ 182	$ 92	$ (36)	$ 238	$ 201	$ 20	$ (18)	$ 203

	Six Months Ended June 30,							
	2006				2005			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 5,583	$ 1,723	$ 87	$ 7,393	$ 4,338	$ 792	$ 48	$ 5,178
Operating expenses	$ 4,998	$ 1,388	$ 100	$ 6,486	$ 3,795	$ 783	$ 47	$ 4,625
Net income (loss) [b]	$ 305	$ 243	$ (62)	$ 486	$ 313	$ 57	$ (30)	$ 340

	June 30, 2006				December 31, 2005			
	FPL	FPL Energy	Corporate & Other	Total	FPL	FPL Energy	Corporate & Other	Total
	(millions)							
Total assets	$ 22,386	$ 10,806	$ 572	$ 33,764	$ 22,726	$ 9,408	$ 870	$ 33,004

(a) FPL Energy's interest charges are based on a deemed capital structure of 50% debt for operating projects and 100% debt for projects under construction. Residual non-utility interest charges are included in Corporate and Other.
(b) See Note 6 for a discussion of FPL Energy's tax benefits related to PTCs recognized based on its tax sharing agreement with FPL Group.

10. 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. Most of FPL Group Capital's debt, including its debentures, and payment guarantees are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended June 30,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 812	$ 2,997	$ 3,809	$ -	$ 443	$ 2,298	$ 2,741
Operating expenses	(6)	(706)	(2,659)	(3,371)	-	(466)	(1,955)	(2,421)
Interest charges	(5)	(103)	(70)	(178)	(6)	(89)	(45)	(140)
Other income (deductions) – net	255	42	(242)	55	208	68	(199)	77
Income (loss) before income taxes	244	45	26	315	202	(44)	99	257
Income tax expense (benefit)	6	(25)	96	77	(1)	(49)	104	54
Net income (loss)	$ 238	$ 70	$ (70)	$ 238	$ 203	$ 5	$ (5)	$ 203

	Six Months Ended June 30,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 1,813	$ 5,580	$ 7,393	$ -	$ 839	$ 4,339	$ 5,178
Operating expenses	(11)	(1,481)	(4,994)	(6,486)	-	(829)	(3,796)	(4,625)
Interest charges	(11)	(204)	(132)	(347)	(13)	(177)	(88)	(278)
Other income (deductions) – net	512	69	(503)	78	351	125	(335)	141
Income (loss) before income taxes	490	197	(49)	638	338	(42)	120	416
Income tax expense (benefit)	4	(6)	154	152	(2)	(80)	158	76
Net income (loss)	$ 486	$ 203	$ (203)	$ 486	$ 340	$ 38	$ (38)	$ 340

[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, 2006				December 31, 2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 10,122	$ 25,057	$ 35,179	$ -	$ 8,945	$ 24,406	$ 33,351
Less accumulated depreciation and amortization	-	(1,561)	(9,740)	(11,301)	-	(1,359)	(9,529)	(10,888)
Total property, plant and equipment – net	-	8,561	15,317	23,878	-	7,586	14,877	22,463
CURRENT ASSETS								
Cash and cash equivalents	4	70	60	134	7	467	56	530
Receivables	235	698	911	1,844	5	584	841	1,430
Other	63	747	1,579	2,389	63	518	2,446	3,027
Total current assets	302	1,515	2,550	4,367	75	1,569	3,343	4,987
OTHER ASSETS								
Investment in subsidiaries	9,054	-	(9,054)	-	8,647	-	(8,647)	-
Other	140	1,488	3,891	5,519	140	1,339	4,075	5,554
Total other assets	9,194	1,488	(5,163)	5,519	8,787	1,339	(4,572)	5,554
TOTAL ASSETS	$ 9,496	$ 11,564	$ 12,704	$ 33,764	$ 8,862	$ 10,494	$ 13,648	$ 33,004
CAPITALIZATION								
Common shareholders' equity	$ 9,075	$ 2,013	$ (2,013)	$ 9,075	$ 8,499	$ 1,911	$ (1,911)	$ 8,499
Long-term debt	-	4,147	4,213	8,360	-	4,768	3,271	8,039
Total capitalization	9,075	6,160	2,200	17,435	8,499	6,679	1,360	16,538
CURRENT LIABILITIES								
Debt due within one year	-	2,613	957	3,570	-	1,269	1,294	2,563
Accounts payable	3	315	743	1,061	17	365	863	1,245
Other	163	737	1,299	2,199	85	803	2,571	3,459
Total current liabilities	166	3,665	2,999	6,830	102	2,437	4,728	7,267
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	-	384	1,514	1,898	-	211	1,474	1,685
Accumulated deferred income taxes	(14)	780	2,491	3,257	(5)	464	2,556	3,015
Regulatory liabilities	-	-	2,912	2,912	-	-	2,971	2,971
Other	269	575	588	1,432	266	703	559	1,528
Total other liabilities and deferred credits	255	1,739	7,505	9,499	261	1,378	7,560	9,199
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 9,496	$ 11,564	$ 12,704	$ 33,764	$ 8,862	$ 10,494	$ 13,648	$ 33,004

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 49	$ 197	$ 228	$ 474	$ 48	$ 37	$ 709	$ 794
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures and independent power investments	-	(1,140)	(975)	(2,115)	-	(440)	(845)	(1,285)
Sale of independent power investments	-	-	-	-	-	16	-	16
Other – net	-	(14)	(42)	(56)	(409)	12	342	(55)
Net cash used in investing activities	-	(1,154)	(1,017)	(2,171)	(409)	(412)	(503)	(1,324)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	604	937	1,541	-	505	294	799
Retirements of long-term debt	-	(624)	(135)	(759)	-	(675)	-	(675)
Retirements of preferred stock	-	-	-	-	-	-	(5)	(5)
Net change in short-term debt	-	734	(201)	533	-	34	(55)	(21)
Proceeds from purchased Corporate Units	210	-	-	210	-	-	-	-
Payments to terminate Corporate Units	(258)	-	-	(258)	-	-	-	-
Issuances of common stock	303	-	-	303	610	-	-	610
Dividends on common stock	(296)	-	-	(296)	(271)	-	-	(271)
Other – net	(11)	(154)	192	27	(2)	456	(432)	22
Net cash provided by (used in) financing activities	(52)	560	793	1,301	337	320	(198)	459
Net increase (decrease) in cash and cash equivalents	(3)	(397)	4	(396)	(24)	(55)	8	(71)
Cash and cash equivalents at beginning of period	7	467	56	530	26	134	65	225
Cash and cash equivalents at end of period	$ 4	$ 70	$ 60	$ 134	$ 2	$ 79	$ 73	$ 154

[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 2005 Form 10-K for FPL Group and FPL. The results of operations for an interim period generally will 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

Presented below is a summary of earnings contributions by segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2006	2005	Increase (Decrease)	2006	2005	Increase (Decrease)
	(millions)					
FPL	$ 182	$ 201	$ (19)	$ 305	$ 313	$ (8)
FPL Energy	92	20	72	243	57	186
Corporate and Other	(36)	(18)	(18)	(62)	(30)	(32)
Total	$ 238	$ 203	$ 35	$ 486	$ 340	$ 146

During the three months ended June 30, 2006 and 2005, FPL Energy recorded after-tax net unrealized mark-to-market losses on non-qualifying hedge activity of approximately $20 million and $52 million, respectively. During the six months ended June 30, 2006, FPL Energy recorded approximately $2 million of after-tax net unrealized mark-to-market gains on non-qualifying hedge activity compared to losses of $83 million in the same period in 2005. Unrealized mark-to-market gains/losses are affected by fluctuations in forward power and fuel prices. As a general rule, a gain (loss) in the non-qualifying hedge category is offset by decreases (increases) in the fair value of physical asset positions in the portfolio or contracts, which are not marked to market under generally accepted accounting principles. In addition, Corporate and Other's results for the three and six months ended June 30, 2006 reflect after-tax costs related to the proposed merger between FPL Group and Constellation Energy of approximately $4 million and $7 million, respectively. See Note 9 for segment information.

FPL Group's management uses earnings excluding certain items (adjusted earnings), which were the unrealized mark-to-market effect of non-qualifying hedges and merger-related expenses, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and for FPL Group's employee incentive compensation plans. FPL Group also uses adjusted earnings when communicating its earnings outlook to analysts and investors. FPL Group's management believes adjusted earnings provide a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income in accordance with generally accepted accounting principles, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing.

FPL Group's effective income tax rate for the three and six months ended June 30, 2006 was higher than the prior year periods reflecting an approximately $7 million deferred tax expense resulting from a change in tax laws in Texas as well as the effect of PTCs for wind projects at FPL Energy. PTCs are recognized as wind energy is generated and sold based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, and amounted to approximately $38 million and $81 million for the three and six months ended June 30, 2006, respectively, and $37 million and $63 million for the comparable periods in 2005. PTCs can significantly affect FPL Group's effective income tax rate depending on the amount of pretax income and wind generation.

FPL – FPL's net income for the three months ended June 30, 2006 was $182 million compared to $201 million for the same period in 2005. For the six months ended June 30, 2006, FPL's net income was $305 million compared to $313 million for the same period in 2005. These decreases were primarily due to the storm cost disallowance by the FPSC, higher other operations and maintenance (O&M) and interest expenses and lower AFUDC, partly offset by lower depreciation expense and higher base revenues reflecting warmer weather and retail customer growth. In the second quarter of 2006, FPL recorded approximately $8 million of pretax interest income on the 2005 storm restoration costs approved for recovery, as permitted by the FPSC. The disallowed storm costs, net of the interest income, reduced FPL Group's and FPL's net income by approximately $28 million. See Note 5.

FPL's operating revenues consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	(millions)			
Retail base	$ 956	$ 917	$ 1,733	$ 1,690
Cost recovery clauses and other pass-through costs	2,009	1,333	3,775	2,551
Other, primarily gas, transmission and wholesale sales and customer-related fees	34	48	75	97
Total	$ 2,999	$ 2,298	$ 5,583	$ 4,338

For the three months ended June 30, 2006, customer usage increased 4.8% primarily due to warmer weather compared to the prior year. This usage increase, as well as other factors, increased retail base revenues by approximately $35 million. A 2.0% increase in the average number of retail customer accounts increased retail base revenues by approximately $18 million. In addition, under the 2005 rate agreement, FPL was authorized by the FPSC to collect, through a separate charge on a customer's bill, the portion (approximately 1.5%) of gross receipts taxes that was previously embedded in base rates. This resulted in an approximately $14 million reduction in retail base revenues with a corresponding increase in revenues from cost recovery clauses and other pass-through costs.

For the six months ended June 30, 2006, customer usage increased 2.3% primarily due to warmer weather compared to the prior year. This usage increase, as well as other factors, increased retail base revenues by approximately $33 million. A 2.1% increase in the average number of retail customer accounts increased retail base revenues by approximately $35 million. The reduction in retail base revenues and the corresponding increase in revenues from cost recovery clauses and other pass-through costs, resulting from the removal of gross receipts taxes from base rates, amounted to approximately $25 million for the six months ended June 30, 2006.

Revenues from cost recovery clauses and other pass-through costs, such as franchise fees, revenue taxes and storm cost recoveries, do not significantly affect net income; however, under- or over-recovery of such costs 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 expense, are primarily driven by changes in energy sales, fuel prices and capacity charges. The increase in revenues from cost recovery clauses and other pass-through costs is primarily attributable to the increase in the fuel clause recovery factor, effective January 2006, in response to higher expected fuel prices in 2006, as well as the recovery of a portion of underrecovered fuel costs from 2005. The increase in the fuel factor was the primary contributor to the $362 million decrease in deferred clause and franchise expenses (current and noncurrent, collectively) on FPL Group's and FPL's condensed consolidated balance sheets at June 30, 2006, and positively affected FPL Group's and FPL's cash flows from operations for the six months ended June 30, 2006. In February 2005, FPL began recovering the 2004 storm restoration cost deficiency from retail customers. For the three months ended June 30, 2006 and 2005, the amount billed to customers related to these storm restoration cost recoveries amounted to approximately $37 million and $44 million, respectively. The corresponding amounts for the six months ended June 30, 2006 and 2005 were $70 million and $63 million. The expense for the amortization of the storm reserve deficiency is shown as a separate line on the condensed consolidated statements of income. In May 2006, the FPSC approved the issuance of bonds to recover FPL's unrecovered 2004 and 2005 storm restoration costs, as well as establish a storm and property insurance reserve of $200 million. See Note 5. The decrease in other revenues is primarily due to the FPSC-approved sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital, which also reduced FPL's fuel expenses.

FPL's O&M expenses for the three and six months ended June 30, 2006 increased primarily due to higher distribution costs reflecting implementation of the Storm Secure Plan and higher fleet vehicle costs and increased staffing costs at FPL's nuclear plants. This was partially offset by an approximately $11 million reversal of the previously accrued nuclear outage reserve costs, which is more fully discussed below. Management expects to see a continued upward trend in O&M expenses in 2006 in the areas of transmission, distribution, including costs associated with the Storm Secure Plan, fossil generation and customer service, as well as continued increases in employee benefit costs. See Management's Discussion – Liquidity and Capital Resources for additional discussion of FPL's Storm Secure Plan.

In mid-June 2006, St. Lucie Unit No. 2 completed its scheduled refueling outage, which included the inspection of its reactor vessel head for cracks and corrosion. No cracking was detected and no repairs to the reactor vessel head were made during this outage. FPL intends to replace the reactor vessel head at St. Lucie Unit No. 2 during its fall 2007 scheduled refueling outage and has replaced within the last two years the reactor vessel heads at FPL's other three nuclear units. The estimated cost of performing inspections and any necessary repairs to St. Lucie Unit No. 2's and the other units' reactor vessel head(s) until replacement is being recognized as expense on a levelized basis over a five-year period that began in 2002, as authorized by the FPSC, and amounted to approximately $0.3 million and $2 million for the three months ended June 30, 2006 and 2005, respectively, and approximately $2 million and $3 million for the six months ended June 30, 2006 and 2005, respectively. As of June 30, 2006, there is a credit of approximately $1 million remaining to be amortized through December 31, 2006 for the reactor vessel head inspection costs, resulting primarily from a true-up of the St. Lucie Unit No. 2 inspection costs since no repairs were required. As of June 30, 2006, FPL's portion of the estimated remaining cost to replace St. Lucie

Unit No. 2's reactor vessel head, including AFUDC, is approximately $49 million and is included in FPL's estimated capital expenditures. See Note 8 – Commitments.

FPL intends to replace, along with the reactor vessel head, St. Lucie Unit No. 2's steam generators during its fall 2007 scheduled refueling outage. Currently, 23.0% and 27.8% of the tubes in the two steam generators have been plugged in order to prevent the tubes from leaking during plant operations. It had been anticipated that during the spring 2006 outage, the 30% per steam generator tube plugging limit previously approved by the U. S. Nuclear Regulatory Commission (NRC) could have been exceeded and a more expensive sleeving process would have been required. However, sleeving was not required during this outage and, accordingly, FPL reversed in the second quarter of 2006 a portion (approximately $11 million pretax) of previously accrued nuclear outage reserve costs. As of June 30, 2006, FPL's portion of the remaining cost to replace St. Lucie Unit No. 2's steam generators, including AFUDC, is approximately $148 million and is included in FPL's estimated capital expenditures. See Note 8 – Commitments.

Depreciation and amortization expense for the three and six months ended June 30, 2006 decreased $35 million and $70 million, respectively, benefiting from lower depreciation rates and the elimination of the decommissioning accrual approved as part of the 2005 rate agreement. This reduction in rates applied to substantially all power plant assets including Turkey Point Units Nos. 3 and 4 and St. Lucie Units Nos. 1 and 2, which have received 20-year license extensions. This was partially offset by increased depreciation from the addition of two new generating units at FPL's existing Martin and Manatee power plant sites, which became operational on June 30, 2005, increased nuclear depreciation primarily related to plant additions and FPL's continued investment in transmission and distribution expansion to support customer growth and demand. FPL expects to place an additional approximately 1,150 mw generating unit into service at its Turkey Point site by mid-2007.

Interest charges increased for the three and six months ended June 30, 2006 primarily due to higher average debt balances used to fund increased investment in generation, transmission and distribution expansion and to pay for unrecovered fuel and storm restoration costs. The decline in AFUDC is primarily attributable to the placement of the additional Martin and Manatee units in service on June 30, 2005.

Interest income increased for the three and six months ended June 30, 2006 primarily due to interest recorded in the second quarter of 2006 on the 2005 storm restoration costs which have yet to be recovered from customers.

FPL Energy – FPL Energy's net income for the three months ended June 30, 2006 and 2005 was $92 million and $20 million, respectively. FPL Energy's net income for the six months ended June 30, 2006 and 2005 was $243 million and $57 million, respectively. The primary drivers, on an after-tax basis, of these increases were as follows:

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
	(millions)	
New investment [a]	$ 28	$ 47
Existing assets [a]	12	76
Asset optimization and trading	6	7
Restructuring activities	(5)	(17)
Interest expense and other	(1)	(12)
Change in unrealized mark-to-market non-qualifying hedge activity [b]	32	85
Total increase	$ 72	$ 186

[a] Does not include allocation of interest expense or corporate general and administrative expenses. Does include PTCs on wind projects. See Note 6.
[b] For discussion of derivative instruments, see Note 2.

The increase in FPL Energy's results from new investment reflects the addition of over 1,240 mw of wind and nuclear generation during or after the three months ended June 30, 2005 and over 1,420 mw of nuclear, wind and solar generation during or after the six months ended June 30, 2005. The existing portfolio in both periods benefited from improved market conditions in the New England Power Pool (NEPOOL), Electric Reliability Council of Texas (ERCOT) and PJM Interconnection, L.L.C. (PJM) regions and the absence of a refueling outage at Seabrook partially offset by the absence of a benefit associated with obtaining an additional partnership interest in a coal plant in California. In addition, for the three months ended June 30, 2006, the existing portfolio experienced a lower wind resource while results for the six months ended June 30, 2006 benefited from a higher wind resource. FPL Energy also recognized increased gains in both periods from its asset optimization and trading activities. Restructuring activities in both periods reflect the absence of gains recorded in 2005 from asset sales and, for the six months ended June 30, 2006, the absence of a gain recorded in 2005 from a contract restructuring. Interest expense and other includes higher interest expense due to higher debt balances as a result of growth in the business as well as an increase in average interest rates of approximately 46 basis points and 58 basis points for the three and six months ended June 30, 2006, respectively. During the three months ended June 30, 2006 and 2005, FPL Energy recorded after-tax net unrealized mark-to-market losses on non-qualifying hedge activity of approximately $20 million and $52 million, respectively. During the six months ended June 30, 2006, FPL Energy recorded approximately $2 million of after-tax net unrealized mark-to-market gains on non-qualifying hedge activity compared to losses of $83 million in the same period in 2005.

FPL Energy's operating revenues for the three and six months ended June 30, 2006 increased $351 million and $931 million, respectively, primarily due to favorable market conditions in the NEPOOL, ERCOT and PJM regions, project additions, the lack of a refueling outage at Seabrook, and gains on unrealized mark-to-market non-qualifying hedge activity in 2006 as compared to losses in the 2005 period. In addition, a lower wind resource reduced operating revenues during the three months ended June 30, 2006 while a higher wind resource increased operating revenues during the six months ended June 30, 2006. FPL Energy's operating expenses for the three and six months ended June 30, 2006 increased $217 million and $605 million, respectively, primarily due to project additions and increased fuel costs as a result of market conditions. In addition, FPL Energy's operating expenses increased for the three months ended June 30, 2006 due to higher unrealized mark-to-market non-qualifying hedge losses in 2006 compared to 2005 and, for the six months period, unrealized mark-to-market non-qualifying hedge losses in 2006 compared to gains in 2005.

Equity in earnings of equity method investees for the quarter ended June 30, 2006 increased $4 million from the prior year quarter primarily due to the receipt of a portion of a settlement from a development project partially offset by higher unrealized mark-to-market losses from non-qualifying hedge activity. The $5 million decrease in equity in earnings of equity method investees for the six months ended June 30, 2006 is primarily due to higher unrealized mark-to-market losses from non-qualifying hedge activity partially offset by the project settlement. The favorable effect on operating results from a prior contract restructuring was offset by the absence of an approximately $13 million gain on a contract restructuring recorded in 2005.

FPL Energy's interest expense for the three and six months ended June 30, 2006 increased $8 million and $19 million, respectively, reflecting higher average debt balances due to growth in the business and an increase in average interest rates. Other – net in FPL Group's condensed consolidated statements of income for the three and six months ended June 30, 2005 includes pretax gains on the sale of joint venture projects and a benefit associated with obtaining an additional partnership interest in a coal plant in California. PTCs from FPL Energy's wind projects are reflected in FPL Energy's earnings. PTCs are recognized as wind energy is generated and sold based on a per kilowatt-hour rate prescribed in applicable federal and state statutes, and amounted to approximately $38 million and $81 million for the three and six months ended June 30, 2006, respectively, and approximately $37 million and $63 million for the comparable periods in 2005.

In January 2006, FPL Energy completed the acquisition of a 70% interest, or approximately 415 mw, in Duane Arnold, a nuclear power plant located near Cedar Rapids, Iowa, from Interstate Power and Light Company (IP&L). FPL Energy purchased the 70% interest, including nuclear fuel, inventory and other items, for a net purchase price of approximately $351 million. FPL Energy is selling its share of the output of Duane Arnold to IP&L at a price of approximately $46 per megawatt-hour (mwh) in 2006, escalating annually to approximately $61 per mwh in 2013, under a long-term contract expiring in 2014. FPL Energy is responsible for management and operation of the plant, as well as for the ultimate decommissioning of the facility, the cost of which will be shared on a pro-rata basis by the joint owners. FPL Energy received approximately $188 million of decommissioning funds at closing which is included in nuclear decommissioning reserve funds on FPL Group's condensed consolidated balance sheet at June 30, 2006. FPL Energy expects to file for a license extension for the plant in 2009, which, if approved, will enable the plant to continue to operate for an additional 20 years beyond its current license expiration of 2014.

FPL Energy's earnings are subject to variability due to, among other things, operational performance, commodity price exposure, counterparty performance, weather conditions and project restructuring activities. FPL Energy's exposure to commodity price risk is reduced by the degree of contract coverage obtained for 2006 and 2007. As of June 30, 2006, FPL Energy's capacity under contract for the remainder of 2006 and 2007 is as follows:

	Remainder of 2006		2007	
Project Portfolio Category	Available MW [a]	% MW Under Contract	Available MW [a]	% MW Under Contract
Wind	3,297	95% [b]	3,319	98% [b]
Contracted [c]	2,435	100% [b]	2,423	100% [b]
Merchant: [d]				
NEPOOL	2,082	68% [e]	2,367	66% [e]
ERCOT	2,552	86% [e]	2,550	81% [e]
All Other	1,411	74% [e]	1,386	45% [e]
Total portfolio [f]	11,777	87% [e]	12,045	82% [e]

[a] Weighted to reflect in-service dates, planned maintenance, Seabrook's planned refueling outage and power uprate in 2006, Duane Arnold's planned refueling outage in 2007 and expected production from renewable resource assets.
[b] Reflects round-the-clock mw under contract.
[c] Includes all projects with mid- to long-term purchase power contracts for substantially all of their output.
[d] Includes only those facilities that require active hedging.
[e] Reflects on-peak mw under contract.
[f] Totals may not add due to rounding.

FPL Energy expects its future portfolio capacity growth to come primarily from wind development benefiting from the extension of the production tax credit program through 2007 for new wind facilities, as well as from asset acquisitions. In addition to the acquisition of Duane Arnold discussed above, FPL Energy purchased in 2006 additional ownership interests, or approximately 47 mw, in wind projects in California and Minnesota and, in the second quarter of 2006 began commercial operation of a total

of approximately 372 mw of wind projects in Texas. FPL Energy has approximately 760 mw of new wind development projects that have either been completed or are expected to reach commercial operation by the end of 2006. FPL Energy expects to add a total of at least 1,500 mw of new wind generation in 2006 and 2007.

In March 2006, a settlement agreement was submitted to the FERC that would establish a new forward capacity market (FCM) in the NEPOOL region. The parties to the settlement agreement include wholesale power generators in New England, including FPL Energy, and four of the six New England states. Under the FCM proposal, capacity payments to generators would be established competitively through an annual auction, the first of which would be conducted in the first quarter of 2008 to purchase capacity for the twelve months starting June 1, 2010. The settlement agreement also provides for a transition period starting December 1, 2006 through May 31, 2010, during which capacity suppliers would receive fixed capacity payments, subject to penalties for forced outages during peak demand periods. In June 2006, the FERC approved the settlement agreement. The settlement agreement, as approved by the FERC, is expected to result in increased gross margins for FPL Energy's assets in the NEPOOL region during the transition period.

Corporate and Other – Corporate and Other is primarily comprised of interest expense, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates interest charges to FPL Energy based on a deemed capital structure at FPL Energy of 50% debt for operating projects and 100% debt for projects under construction. Corporate and Other's net loss for the three and six months ended June 30, 2006 was $36 million and $62 million, respectively, compared to a net loss of $18 million and $30 million for the comparable periods in 2005. Results for the three and six months ended June 30, 2006 reflect approximately $4 million and $7 million, respectively, of after-tax costs associated with the proposed merger between FPL Group and Constellation Energy and an approximately $7 million deferred tax expense resulting from a modification of the Texas franchise tax enacted in May 2006. Results for the six months ended June 30, 2005 include an approximately $7 million gain ($4 million after-tax) from the termination of a leveraged lease agreement, which is included in gains on disposal of equity method investees and leveraged leases – net in FPL Group's condensed consolidated statements of income. Corporate and Other's interest income declined for both the three and six months ended June 30, 2006 reflecting the repayment of a secured third party loan in the fourth quarter of 2005. The increase in operating revenues and operating expenses at Corporate and Other is primarily due to the sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital.

Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for working capital, capital expenditures and investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem outstanding debt and/or repurchase common stock. 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, FPL's and FPL Group Capital's ability to obtain short- and long-term financing, the cost of such financing and the execution of their respective financing strategies.

The changes in cash and cash equivalents are summarized as follows:

	FPL Group		FPL	
	Six Months Ended June 30,			
	2006	2005	2006	2005
	(millions)			
Net cash provided by operating activities	$ 474	$ 794	$ 409	$ 776
Net cash used in investing activities	(2,171)	(1,324)	(1,007)	(916)
Net cash provided by financing activities	1,301	459	602	148
Net increase (decrease) in cash and cash equivalents	$ (396)	$ (71)	$ 4	$ 8

FPL Group's and FPL's cash flows for the six months ended June 30, 2006 benefited from net issuances of debt and the recovery from customers of previously incurred fuel costs at FPL. In addition, FPL Group's cash flows benefited from the issuance of common stock. These funds were used to fund capital expenditures at FPL and additional investments at FPL Energy, the return of margin cash deposits to FPL counterparties and the payment of storm-related costs at FPL.

FPL Group's cash flows from operating activities for the six months ended June 30, 2006 reflect a decrease in underrecovered fuel costs at FPL primarily due to an increase in the fuel clause recovery factor effective January 2006, the return of cash collateral (margin cash deposits) primarily to FPL's counterparties related to declining energy contract prices, the payment of storm-related costs at FPL, an increase in FPL's accounts receivable due to higher prices primarily reflecting the higher fuel factor, a decrease in accounts payable and an increase in fossil fuel inventory. The increase in fossil fuel inventory is primarily due to the accumulation of oil inventory at FPL reflecting the burning of more natural gas due to relatively lower natural gas prices and the addition, at an FPL Energy plant, of oil and gas inventory which was purchased pursuant to the termination of a fuel management contract.

FPL Group's cash flows from operating activities for the six months ended June 30, 2005 reflect underrecovered fuel costs at

FPL caused primarily by higher than anticipated fuel prices and FPL's payment of storm restoration costs associated with the 2004 hurricane season, partly offset by the receipt of funds associated with the storm reserve deficiency surcharge. In addition, cash flows from operating activities for the six months ended June 30, 2005 reflect an increase in FPL's fossil fuel inventory, which was affected by higher fuel prices as well as volume increases in anticipation of the 2005 hurricane season.

FPL Group's cash flows from investing activities for the six months ended June 30, 2006 reflect capital investments of approximately $933 million by FPL to meet customer demand and investments at FPL Energy of approximately $1,076 million, including the purchase of Duane Arnold. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds as a result of the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity within the funds. FPL suspended nuclear decommissioning fund contributions of approximately $79 million annually, beginning in September 2005, pursuant to the terms of the 2005 rate agreement.

FPL Group's cash flows from investing activities for the six months ended June 30, 2005 reflect capital investments of approximately $808 million by FPL to meet customer demand and investments at FPL Energy of approximately $434 million. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds as a result of the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity within the funds.

During the six months ended June 30, 2006, FPL Group generated proceeds of approximately $2.4 billion from financing activities, including the issuance of $700 million in FPL first mortgage bonds, the borrowing of $250 million by FPL under a five-year term loan facility, the borrowing of $400 million by FPL Group Capital under three separate two-year term loan facilities, the issuance of $206 million of limited-recourse senior secured notes by FPL Energy subsidiaries, a net increase in short-term debt of approximately $533 million ($201 million decrease at FPL), approximately $296 million from the issuance of FPL Group common stock related to its 8% Corporate Units and approximately $7 million related to the exercise of stock options. During the six months ended June 30, 2006, FPL Group used proceeds of approximately $1.1 billion for financing activities, including approximately $500 million for maturing FPL Group Capital debentures, approximately $135 million for maturing senior secured notes of a consolidated variable interest entity that leases nuclear fuel to FPL, approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units, approximately $296 million for the payment of dividends on its common stock and approximately $124 million for principal payments on FPL Energy debt.

During the six months ended June 30, 2005, FPL Group generated proceeds of approximately $1.4 billion from financing activities and redeemed, had mature or made principal payments on debt and preferred stock totaling approximately $680 million. The proceeds from financing activities included approximately $575 million from the sale of FPL Group common stock related to Corporate Units issued in February 2002, the issuance of $300 million in first mortgage bonds at FPL, approximately $516 million from the issuance of limited-recourse senior secured bonds and draws on a construction revolver by FPL Energy subsidiaries, and the issuance of approximately $36 million in common stock by FPL Group related to the exercise of stock options. Redemptions, maturities and principal payments during the six months ended June 30, 2005 included the redemption of FPL preferred stock, a redemption of approximately $5 million in 7.35% bonds at FPL Group Capital, maturity of $600 million in debentures at FPL Group Capital and principal payments of approximately $70 million on FPL Energy debt.

The following provides various metrics regarding FPL Group's (including FPL's) and FPL's outstanding debt:

	FPL Group		FPL	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Weighted-average annual interest rate [a]	6.0%	5.9%	5.2%	5.2%
Weighted-average life (years)	10.0	9.3	17.2	15.1
Annual average of floating rate debt to total debt [a]	41%	35%	46%	40%

(a) Calculations include interest rate swaps.

FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004 which did major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At June 30, 2006, FPL's storm reserve deficiency totaled approximately $959 million. In May 2006, the FPSC approved the issuance of approximately $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statues for the net-of-tax recovery by FPL of the estimated storm reserve deficiency at the time the bonds are issued or, approximately $934 million, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs will continue to be recovered through a previously approved storm damage surcharge until the bonds are issued. See Note 5.

In January 2006, the FPSC held an electric infrastructure workshop to discuss the damage to electric utility facilities incurred due to recent hurricanes and to explore ways of minimizing damage and resulting outages to customers in the future. Presentations on hurricane issues were made by representatives of city governments, vendors and the Florida electric utilities. On January 30, 2006, FPL filed a report with the FPSC outlining its Storm Secure Plan, an initiative to enhance its electrical grid and power plants as a result of heightened hurricane activity and in response to concerns expressed by the community, state leaders and regulators. On February 7, 2006, the FPSC approved a rule that requires the Florida electric

utilities to inspect their wooden transmission and distribution poles on an eight-year inspection cycle and file an annual report with the FPSC regarding such inspections. Pursuant to an FPSC order, on June 1, 2006, FPL filed detailed plans on specific aspects of its storm preparedness plans, including estimated implementation costs for ongoing storm preparedness initiatives. An FPSC decision on FPL's storm preparedness plans is expected by September 2006. On June 28, 2006, the FPSC issued an order for rulemaking requiring all of Florida's electric utilities to meet more stringent distribution construction standards and revising the customer's contribution in aid of construction calculations for underground conversions and extensions. In July 2006, several interested parties requested a hearing regarding these proposed rules which is scheduled for August 31, 2006. Estimated Storm Secure Plan capital costs for the remainder of 2006 through 2010 are included in FPL's projected capital expenditures and are subject to change over time based on productivity enhancements and prioritization. See Note 8 – Commitments. See Management's Discussion – Results of Operations for further discussion regarding the impact of Storm Secure Plan costs on O&M expense.

FPL Group's commitments at June 30, 2006 were as follows:

	2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Long-term debt, including interest: [a]							
FPL	$ 120	$ 227	$ 663	$ 420	$ 188	$ 7,511	$ 9,129
FPL Energy	99	720	572	231	224	1,586	3,432
Corporate and Other	720	1,213	988	666	18	913	4,518
Purchase obligations:							
FPL [b]	3,025	4,160	2,915	3,120	2,740	7,100	23,060
FPL Energy [c]	547	624	58	58	57	780	2,124
Corporate and Other	55	-	-	-	-	-	55
Asset retirement activities: [d]							
FPL [e]	-	-	-	-	-	11,571	11,571
FPL Energy [f]	-	-	-	-	-	3,141	3,141
Total	$ 4,566	$ 6,944	$ 5,196	$ 4,495	$ 3,227	$ 32,602	$ 57,030

(a) Includes principal, interest and interest rate swaps. Variable rate interest was computed using June 30, 2006 rates.

(b) Represents required capacity and minimum payments under long-term purchased power and fuel contracts, the majority of which is recoverable through various cost recovery clauses (see Note 8 – Contracts), and projected capital expenditures through 2010 to meet, among other things, increased electricity usage and customer growth, capital improvements to and maintenance of existing facilities and estimated capital costs associated with FPL's Storm Secure Plan. Estimated capital costs associated with FPL's Storm Secure Plan are subject to change over time based on productivity enhancements and prioritization (see Note 8 – Commitments).

(c) Represents firm commitments primarily in connection with the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. See Note 8 – Commitments and Contracts.

(d) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

(e) At June 30, 2006, FPL had approximately $2,098 million in restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in FPL Group's and FPL's nuclear decommissioning reserve funds.

(f) At June 30, 2006, FPL Energy's 88.23% portion of Seabrook's and 70% portion of Duane Arnold's restricted trust funds for the payment of future expenditures to decommission Seabrook and Duane Arnold totaled approximately $510 million and are included in FPL Group's nuclear decommissioning reserve funds.

Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch). At August 4, 2006, Moody's, S&P and Fitch had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's [a]	S&P [a]	Fitch [a]
FPL Group: [b]			
Corporate credit rating	A2	A	A
FPL: [b]			
Corporate credit rating	A1	A/A-1	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	Aa3/VMIG-1	A	A+
Commercial paper	P-1	A-1	F-1
FPL Group Capital: [b]			
Corporate credit rating	N/A	A/A-1	A
Debentures	A2	A-	A
Commercial paper	P-1	A-1	F-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.

(b) The outlook indicated by Moody's, S&P and Fitch is negative, watch negative and stable, respectively.

FPL Group and FPL obtain letters of credit and issue guarantees to facilitate commercial transactions with third parties and financings. At June 30, 2006, FPL Group had standby letters of credit of approximately $704 million ($53 million for FPL) and approximately $6,100 million notional amount of guarantees ($330 million for FPL), of which approximately $5,091 million ($353 million for FPL) have expirations within the next five years. These letters of credit and guarantees support the buying

and selling of wholesale energy commodities, debt-related reserves, nuclear decommissioning activities and other contractual agreements. FPL Group and FPL believe it is unlikely that they would be required to perform or otherwise incur any liabilities associated with these letters of credit and guarantees. At June 30, 2006, FPL Group and FPL did not have any liabilities recorded for these letters of credit and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of those under FPL Group Capital's debt, including all of its debentures and commercial paper issuances, as well as most of its payment guarantees, and FPL Group Capital has guaranteed certain debt and other obligations of FPL Energy and its subsidiaries. See Note 8 – Commitments.

In addition to the 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 that expires in 2027. Under this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Bank revolving lines of credit available to FPL Group and its subsidiaries, including FPL, are as follows:

FPL [a]	FPL Group Capital	Total [a]	Maturity Date
	(millions)		
$ 2,000	$ 2,500	$ 4,500	November 2010

[a] Excludes $300 million in senior secured revolving credit facilities of an entity consolidated by FPL under FIN 46R "Consolidation of Variable Interest Entities," as revised (the VIE) that leases nuclear fuel to FPL and are available only to the VIE.

These credit facilities provide for the issuance of letters of credit up to $4.5 billion and are available to support the companies' commercial paper programs and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss), as well as for general corporate purposes. At June 30, 2006, letters of credit totaling $308 million were outstanding under FPL Group Capital's credit facilities and $41 million were outstanding under FPL's credit facilities. FPL Group (which guarantees the payment of FPL Group Capital's credit facilities pursuant to a 1998 guarantee agreement) is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL Group Capital's credit facility. FPL is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL's credit facility. At June 30, 2006, each of FPL Group and FPL was in compliance with its respective ratio.

Also, FPL Group Capital and FPL have each established an uncommitted credit facility with a bank to be used for general corporate purposes. The bank may at its discretion, upon the request of FPL Group Capital or FPL, make a short-term loan or loans to FPL Group Capital or FPL in an aggregate amount determined by the bank, which is subject to change at any time. The terms of the specific borrowings under the uncommitted credit facilities, including maturity, are set at the time borrowing requests are made by FPL Group Capital or FPL. At June 30, 2006, there were no amounts outstanding for either FPL Group Capital or FPL under the uncommitted credit facilities.

During the second quarter of 2006, FPL entered into a $250 million five-year term loan facility expiring in May 2011 and FPL Group Capital entered into three separate two-year term loan facilities aggregating $400 million and each expiring in June 2008. Both FPL and FPL Group Capital borrowed the full amount under the term loan facilities during the second quarter of 2006. Under the terms of the term loan facilities, each of FPL and FPL Group is required to maintain a minimum ratio of funded debt to total capitalization. At June 30, 2006, each of FPL Group and FPL was in compliance with its respective ratio. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees the payment of FPL Group Capital's term loans.

In addition to the bank lines of credit discussed above, the consolidated VIE that leases nuclear fuel to FPL has established a $100 million senior secured revolving credit facility, which expires in June 2009, and a $200 million senior secured revolving credit facility, which expires in May 2007. Both credit facilities provide backup support for the VIE's commercial paper program. FPL has provided an unconditional guarantee of the payment obligations of the VIE under the credit facilities, which is included in the guarantee discussion above. At June 30, 2006, the VIE had no outstanding borrowings under the revolving credit facilities and had approximately $198 million of commercial paper outstanding.

As of August 4, 2006, FPL Group and FPL Group Capital had $2.0 billion (issuable by either or both of them up to such aggregate amount) of available capacity under shelf registration statements filed with the Securities and Exchange Commission (SEC). Securities that may be issued under the FPL Group and FPL Group Capital shelf registration statements, depending on the registrant, include common stock, stock purchase contracts, stock purchase units, preferred stock, senior debt securities, preferred trust securities and related subordinated debt securities, and guarantees relating to certain of those securities. This capacity is available for, among other things, new investment opportunities.

New Accounting Rules and Interpretations

Variable Interest Entities – In April 2006, the FASB issued Financial Statement Position (FSP) 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. (FIN) 46(R)", which states that the variability to be considered

when applying FIN 46(R) should be based on an analysis of the design of an entity which entails analyzing the nature of the risks in the entity and determining the purpose for which the entity was created and determining the variability the entity is designed to create and pass along to its interest holders. The role of a contract or arrangement in the design of the entity, regardless of its legal form or accounting classification, shall dictate whether that interest should be treated as creating or absorbing variability for the entity. The effective date of FSP 46(R)-6 is July 1, 2006 and it is to be applied prospectively. The adoption of FSP 46(R)-6 is not expected to have a significant financial statement impact on FPL Group or FPL.

Accounting for Uncertainty in Income Taxes – In July 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109". The interpretation prescribes a more-likely-than-not recognition threshold and establishes measurement requirements for financial statement reporting of an entity's income tax positions. The interpretation is effective for fiscal years beginning after December 15, 2006. The impact, if any, of applying the provisions of FIN 48 will be reported as a cumulative effect adjustment in the first quarter of 2007. FPL Group and FPL are currently evaluating the impact of FIN 48.

Accumulated Other Comprehensive Income (Loss)

FPL Group's total other comprehensive income (loss) activity is as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Six Months Ended June 30,					
	2006			2005		
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total
	(millions)					
Balances at December 31 of prior year	$ (215)	$ 22	$ (193)	$ (67)	$ 21	$ (46)
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of $38 tax expense and $56 tax benefit, respectively)	55	-	55	(81)	-	(81)
Reclassification from OCI to net income (net of $13 and $10 tax expense, respectively)	20	-	20	16	-	16
Net unrealized gains (losses) on interest rate cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of $4 tax expense and $0.4 tax benefit, respectively)	8	-	8	(1)	-	(1)
Reclassification from OCI to net income (net of $1 and $1 tax expense, respectively)	1	-	1	2	-	2
Net unrealized losses on available for sale securities (net of $2 and $2 tax benefit, respectively)	-	(3)	(3)	-	(3)	(3)
Supplemental retirement plan liability adjustment (net of $0.5 tax expense in 2006)	-	1	1	-	-	-
Balances at June 30	$ (131)	$ 20	$ (111)	$ (131)	$ 18	$ (113)

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 and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as to optimize the value of power generation assets. To a lesser extent, FPL Group and FPL engage in limited energy trading activities to take advantage of expected future favorable price movements.

Derivative instruments, when required to be marked to market under FAS 133, as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability 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 or the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income unless hedge accounting is applied. See Note 2.

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2006 were as follows:

		Hedges on Owned Assets			
	Trading	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Three months ended June 30, 2006					
Fair value of contracts outstanding at March 31, 2006	$ 8	$ (125)	$ (285)	$ (5)	$ (407)
Reclassification to realized at settlement of contracts	1	22	11	80	114
Effective portion of changes in fair value recorded in OCI	-	-	29	-	29
Ineffective portion of changes in fair value recorded in earnings	-	4	-	-	4
Changes in fair value excluding reclassification to realized	(5)	(58)	-	(323)	(386)

Fair value of contracts outstanding at June 30, 2006	4	(157)	(245)	(248)	(646)
Net option premium payments (receipts)	(1)	12	-	40	51
Total mark-to-market energy contract net assets (liabilities) at June 30, 2006	$ 3	$ (145)	$ (245)	$ (208)	$ (595)

		Hedges on Owned Assets			
	Trading	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Six months ended June 30, 2006					
Fair value of contracts outstanding at December 31, 2005	$ 2	$ (176)	$ (373)	$ 757	$ 210
Reclassification to realized at settlement of contracts	15	35	34	(146)	(62)
Effective portion of changes in fair value recorded in OCI	-	-	94	-	94
Ineffective portion of changes in fair value recorded in earnings	-	11	-	-	11
Changes in fair value excluding reclassification to realized	(13)	(27)	-	(859)	(899)
Fair value of contracts outstanding at June 30, 2006	4	(157)	(245)	(248)	(646)
Net option premium payments (receipts)	(1)	12	-	40	51
Total mark-to-market energy contract net assets (liabilities) at June 30, 2006	$ 3	$ (145)	$ (245)	$ (208)	$ (595)

FPL Group's total mark-to-market energy contract net assets (liabilities) at June 30, 2006 shown above are included in the condensed consolidated balance sheet as follows:

	June 30, 2006
	(millions)
Current derivative assets	$ 210
Other assets	31
Current derivative liabilities	(571)
Other liabilities	(265)
FPL Group's total mark-to-market energy contract net assets (liabilities)	$ (595)

The sources of fair value estimates and maturity of energy contract derivative instruments at June 30, 2006 were as follows:

	Maturity						
	2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Trading:							
Actively quoted (i.e., exchange trade) prices	$ (3)	$ 1	$ -	$ -	$ -	$ -	$ (2)
Prices provided by other external sources	(73)	(21)	1	-	-	1	(92)
Modeled	79	19	-	-	-	-	98
Total	3	(1)	1	-	-	1	4
Owned Assets – Non-Qualifying:							
Actively quoted (i.e., exchange trade) prices	(101)	(33)	(5)	(2)	(8)	(7)	(156)
Prices provided by other external sources	53	(6)	(9)	(2)	(2)	(18)	16
Modeled	(12)	(1)	(1)	-	-	(3)	(17)
Total	(60)	(40)	(15)	(4)	(10)	(28)	(157)
Owned Assets – OCI:							
Actively quoted (i.e., exchange trade) prices	(1)	-	-	-	-	-	(1)
Prices provided by other external sources	(28)	(138)	(45)	(17)	(4)	-	(232)
Modeled	(2)	(5)	(5)	-	-	-	(12)
Total	(31)	(143)	(50)	(17)	(4)	-	(245)
Owned Assets – FPL Cost Recovery Clauses:							
Actively quoted (i.e., exchange trade) prices	(241)	(46)	-	-	-	-	(287)
Prices provided by other external sources	27	(2)	-	-	-	-	25
Modeled	13	1	-	-	-	-	14
Total	(201)	(47)	-	-	-	-	(248)
Total sources of fair value	$ (289)	$ (231)	$ (64)	$ (21)	$ (14)	$ (27)	$ (646)

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2005 were as follows:

		Hedges on Owned Assets			
	Trading	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Three months ended June 30, 2005					
Fair value of contracts outstanding at March 31, 2005	$ 2	$ (45)	$ (202)	$ 289	$ 44
Reclassification to realized at settlement of contracts	(1)	(20)	11	(26)	(36)
Acquisition of Gexa contracts	-	38	-	-	38
Effective portion of changes in fair value recorded in OCI	-	-	(30)	-	(30)
Ineffective portion of changes in fair value recorded in earnings	-	(5)	-	-	(5)
Changes in fair value excluding reclassification to realized	1	(62)	-	(45)	(106)
Fair value of contracts outstanding at June 30, 2005	2	(94)	(221)	218	(95)
Net option premium payments (receipts)	-	(1)	-	19	18
Total mark-to-market energy contract net assets (liabilities) at June 30, 2005	$ 2	$ (95)	$ (221)	$ 237	$ (77)

	Trading	Hedges on Owned Assets: Non-Qualifying	Hedges on Owned Assets: OCI	Hedges on Owned Assets: FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Six months ended June 30, 2005					
Fair value of contracts outstanding at December 31, 2004	$ 4	$ (10)	$ (109)	$ (9)	$ (124)
Reclassification to realized at settlement of contracts	(4)	(27)	24	(19)	(26)
Acquisition of Gexa contracts	-	38	-	-	38
Effective portion of changes in fair value recorded in OCI	-	-	(136)	-	(136)
Ineffective portion of changes in fair value recorded in earnings	-	(10)	-	-	(10)
Changes in fair value excluding reclassification to realized	2	(85)	-	246	163
Fair value of contracts outstanding at June 30, 2005	2	(94)	(221)	218	(95)
Net option premium payments (receipts)	-	(1)	-	19	18
Total mark-to-market energy contract net assets (liabilities) at June 30, 2005	$ 2	$ (95)	$ (221)	$ 237	$ (77)

Market Risk Sensitivity – Financial instruments and positions affecting the financial statements of FPL Group and FPL described below are held primarily 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 and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. FPL Group manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees. Credit risk is also managed through the use of master netting agreements. FPL Group's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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 nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of June 30, 2006 and December 31, 2005, the VaR figures were as follows:

	Trading: FPL	Trading: FPL Energy	Trading: FPL Group	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL Energy	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL Group	Total: FPL	Total: FPL Energy	Total: FPL Group
					(millions)				
December 31, 2005	$ -	$ 1	$ 1	$ 114	$ 38	$ 98	$ 114	$ 39	$ 98
June 30, 2006	$ -	$ 1	$ 1	$ 131	$ 45	$ 102	$ 131	$ 44	$ 102
Average for the period ended June 30, 2006	$ -	$ 2	$ 2	$ 111	$ 46	$ 93	$ 111	$ 45	$ 92

(a) Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are not marked to market. The VaR figures for the non-qualifying hedges and hedges in OCI and FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest rate risk – FPL Group and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in nuclear decommissioning reserve funds and interest rate swaps. FPL Group and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate swaps and adjusting their variable rate debt in relation to total capitalization.

The following are estimates of the fair value of FPL Group's and FPL's financial instruments:

	June 30, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
FPL Group:				
Long-term debt, including current maturities	$ 10,238	$ 10,048[a]	$ 9,443	$ 9,540[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,361	$ 1,361[b]	$ 1,290	$ 1,290[b]
Other investments	$ 88	$ 88[b]	$ 80	$ 80[b]
Interest rate swaps – net unrealized loss	$ (2)	$ (2)[c]	$ (9)	$ (9)[c]
FPL:				
Long-term debt, including current maturities	$ 4,213	$ 4,031[a]	$ 3,406	$ 3,416[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,177	$ 1,177[b]	$ 1,151	$ 1,151[b]

(a) Based on market prices provided by external sources.
(b) Based on quoted market prices for these or similar issues.
(c) Based on market prices modeled internally.

The nuclear decommissioning reserve funds of FPL Group consist of restricted funds set aside to cover the cost of 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. 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 OCI.

FPL Group and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to adjust and mitigate interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At June 30, 2006, the estimated fair value for FPL Group interest rate swaps was as follows:

Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value
(millions)					(millions)
Fair value hedges – FPL Group Capital:					
$ 150	July 2003	September 2006	variable[a]	7.625%	$ (5)
$ 150	July 2003	September 2006	variable[b]	7.625%	(5)
$ 300	November 2004	February 2007	variable[c]	4.086%	(8)
$ 275	December 2004	February 2007	variable[d]	4.086%	(7)
Total fair value hedges					(25)
Cash flow hedges – FPL Energy:					
$ 88	August 2002	December 2007	4.410%	variable[e]	1
$ 181	August 2003	November 2007	3.557%	variable[e]	5
$ 6	February 2005	June 2008	4.255%	variable[e]	1
$ 82	December 2003	December 2017	4.245%	variable[e]	5
$ 28	April 2004	December 2017	3.845%	variable[e]	2
$ 245	December 2005	November 2019	4.905%	variable[e]	9
Total cash flow hedges					23
Total interest rate hedges					$ (2)

(a) Six-month LIBOR plus 4.9900%
(b) Six-month LIBOR plus 4.9925%
(c) Three-month LIBOR plus 0.50577%
(d) Three-month LIBOR plus 0.4025%
(e) Three-month LIBOR

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of FPL Group's net liabilities would increase by approximately $349 million ($182 million for FPL) at June 30, 2006.

Equity price risk – Included in the nuclear decommissioning reserve funds of FPL Group are marketable equity securities carried at their market value of approximately $1,247 million and $1,113 million ($921 million and $933 million for FPL) at June 30, 2006 and December 31, 2005, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $125 million ($92 million for FPL) reduction in fair value and corresponding adjustments to the related liability accounts based on current regulatory treatment for FPL, or adjustments to OCI for FPL Group's non-rate regulated operations, at June 30, 2006.

Credit risk – For all derivative and contractual transactions, FPL Group's energy marketing and trading operations, which includes FPL's energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Relevant considerations when assessing FPL Group's energy marketing and trading operations' credit risk exposure include:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the United States.
- Overall credit risk is managed through established credit policies.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of cash collateral.
- The use of master netting agreements to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. FPL Group's policy is to have master netting agreements in place with significant counterparties.

Based on FPL Group's policies and risk exposures related to credit, FPL Group and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of June 30, 2006, approximately 99% of FPL Group's and 93% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity – Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2006, each of FPL Group and FPL had 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 each company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) or 15d-15(e)). 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 and ensuring that information required to be disclosed in the company's reports filed or submitted under the Exchange Act is accumulated and communicated to management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure. FPL Group and FPL each have a Disclosure Committee, which is made up of several key management employees and reports directly to the chief executive officer and chief financial officer of each company, to monitor and evaluate these disclosure controls and procedures. 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 their respective disclosure controls and procedures will be met.

(b) Changes in Internal Control over Financial Reporting

FPL Group and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout FPL Group and FPL. However, there has been no change in FPL Group's or FPL's internal control over financial reporting that occurred during FPL Group's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, FPL Group's or FPL's internal control over financial reporting.

In June 2005, a wholly-owned subsidiary of FPL Group completed the acquisition of Gexa, which was valued at approximately $73 million, payable in shares of FPL Group common stock. Total assets and operating revenues of the entities acquired in connection with the acquisition of Gexa represent less than 1% and approximately 4%, respectively, of FPL Group's consolidated total assets as of June 30, 2006 and its total operating revenues for each of the three and six months ended June 30, 2006. FPL Group does not consider Gexa material to FPL Group's results of operations, financial position and cash flows. FPL Group has evaluated the impact of Gexa's business on FPL Group's internal control over financial reporting and noted numerous inadequacies throughout Gexa's operations, including the contract approval and administration process, the customer enrollment process, billing system security and accounting and financial controls. During the second quarter of 2006, FPL Group completed designing and documenting controls in key areas and expects to complete testing of these controls by the end of 2006.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2005 Form 10-K for FPL Group and FPL and Part II, Item 1. Legal Proceedings in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 for FPL Group and FPL.

In the FMPA proceedings, in July 2006, the FERC denied FMPA's request for rehearing of the FERC's December 2005 order which entitled FPL to load ratio share pricing, notwithstanding constraints on a third-party's system. Also in July 2006, the FERC denied FPL's request for rehearing of the FERC's December 2005 order on FPL's April 2005 compliance filing. The FERC also ordered FPL to make its compliance filing, which was delayed pending the FERC's decision on the rehearing request, within 60 days. At June 30, 2006, FPL's refund liability under the FERC's most recent order is estimated to be up to approximately $10 million to FMPA and up to approximately $3 million to Seminole.

In the Adelphia lawsuit, discovery has been temporarily stayed at the request of the plaintiffs and the case has been reset for trial in January 2008.

In the Shiflett case, the drug manufacturing and distribution companies have moved to dismiss the action.

In the TXU lawsuit, FPL Group, FPL Group Capital and ESI Energy have been dismissed.

In June 2006, the plaintiffs in the Rabbino lawsuit dismissed their complaint with prejudice.

Item 1A. Risk Factors

In addition to the risk factors discussed below and other information set forth in this report, the factors discussed in Part I, Item 1A. Risk Factors in FPL Group's and FPL's 2005 Form 10-K, which could materially affect FPL Group's and FPL's businesses, financial condition and/or future operating results should be carefully considered. The risks described herein and in FPL Group's and FPL's 2005 Form 10-K are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial, also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.

FPL Group's proposed merger with Constellation Energy is subject to receipt of consents or approvals from governmental entities that could delay or prevent the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.

- Completion of the merger is conditioned upon the receipt of consents, orders, approvals or clearances, as required, from the FERC, the NRC and the public service commissions or similar entities in several of the states in which Constellation Energy and/or FPL Group operate electric and/or gas businesses, including the state of Maryland. Among other things, governmental entities could condition their approval of the merger upon Constellation Energy and/or FPL Group entering into agreements to restrict the operations of the combined businesses in accordance with specified business conduct rules or to take other actions which governmental entities deem necessary or desirable in the public interest. The terms of any such conditions that may be imposed, if any, are not known by FPL Group as of the date hereof. If those approvals are not received, or they are not received on terms that satisfy the conditions set forth in the merger agreement, then neither Constellation Energy nor FPL Group will be required to complete the merger. Recently adopted energy legislation in Maryland requires the appointment of a new group of commissioners at the Maryland Public Service Commission (MPSC) and directs the MPSC to complete a prompt and comprehensive review of the merger pursuant to new standards. These changes have created additional uncertainty about the MPSC approval process and may result in substantial delay in the timing of required MPSC approval of the merger or the imposition of terms and conditions that are unfavorable to the combined company, such as a requirement to forego an amount of expected merger savings. A substantial delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions in connection with such approvals could have a material adverse effect on the business, financial condition or results of operations of the combined company, could result in litigation with one or more governmental entities and/or may cause the abandonment of the merger.

The anticipated benefits of combining FPL Group and Constellation Energy may not be realized.

- FPL Group entered into the merger agreement with the expectation that the merger would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. Although FPL Group expects to achieve the anticipated benefits of the merger, including the synergies, achieving them is subject to a number of uncertainties, including:
  - the ability of the two companies to combine certain of their operations or take advantage of expected growth opportunities;
  - whether the FERC, the NRC, state or any other regulatory authorities whose approval is required to complete the merger impose conditions on the merger or require the combined company to share a portion of the expected

synergies of the merger relating to utility operations with customers, any of which may have an adverse effect on the combined company; and

- general competitive factors in the marketplace.

No assurance can be given that these benefits will be achieved, or if achieved, the timing of their achievement. Failure to achieve these anticipated benefits could result in increased costs and decreases in the amount of expected revenues of the combined company.

- In addition, Constellation Energy's business involves certain risks which are different from the risks of FPL Group's current business, and as a result the combined company may be exposed to competitive, regulatory, operational and other challenges that do not affect FPL Group's businesses to a similar extent.

FPL Group and FPL will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect their businesses.

- Uncertainty about the effect of the merger on employees and customers may have an adverse effect on FPL Group and FPL, regardless of whether the merger is eventually completed. Although FPL Group and FPL have taken steps designed to reduce any adverse effects, these uncertainties may impair FPL Group's and FPL's ability to attract, retain and motivate key personnel until the merger is completed, or the merger agreement is terminated, and for a period of time thereafter, and could cause customers, suppliers and others that deal with FPL Group and FPL to seek to change existing business relationships with FPL Group and FPL.

- Employee retention and recruitment may be particularly challenging during the pendency of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite FPL Group's and FPL's retention and recruiting efforts, key employees depart or fail to accept employment with either of the companies because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, FPL Group's, FPL's or the combined company's business could be seriously harmed.

- The pursuit of the merger and the preparation for the integration of Constellation Energy and FPL Group may place a significant burden on management and internal resources. The diversion of management attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could harm FPL Group's and FPL's businesses, financial condition and operating results, regardless of whether the merger is eventually completed.

- In addition, the merger agreement restricts FPL Group and FPL, without Constellation Energy's consent, from making certain acquisitions and taking other specified actions until the merger occurs or the merger agreement terminates. These restrictions may prevent FPL Group and FPL from pursuing otherwise attractive business opportunities and making other changes to their businesses prior to completion of the merger or termination of the merger agreement.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information regarding purchases made by FPL Group of its common stock:

Period	Total Number of Shares Purchased [a]	Average Price Paid Per Share [a]	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program [b]
				(thousands)
4/1/06 – 4/30/06	1,863	$ 40.27	-	20,000
5/1/06 – 5/31/06	706	$ 39.31	-	20,000
6/1/06 – 6/30/06	1,438	$ 40.25	-	20,000
Total	4,007		-	

(a) Represents shares of common stock purchased from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the LTIP.

(b) In February 2005, FPL Group's board of directors authorized a common stock repurchase plan of up to 20 million shares of common stock over an unspecified period, which authorization was ratified and confirmed by the board of directors in December 2005.

Item 5. Other Information

(a) None

(b) On May 26, 2006, the board of directors of FPL Group adopted an amendment to its Bylaws, effective immediately, which requires that shareholders provide advance notice to FPL Group in order to make nominations of persons for election to the board of directors or other proposals at shareholder meetings.

(c) Other Events

(i) Reference is made to Item 1. Business – FPL Operations – Competition in the 2005 Form 10-K for FPL Group and FPL and Part II, Item 5. (c)(i) in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 for FPL Group and FPL.

In June 2006, FPL received approval from the FPSC to build two approximately 1,200 mw natural gas-fired combined cycle units in western Palm Beach County, Florida, that would be operational in 2009 and 2010. The project is also subject to approval by a Siting Board (comprised of the governor and cabinet) under the Florida Electrical Power Plant Siting Act with a decision expected to be issued by December 2006.

(ii) Reference is made to Item 1. Business – FPL Operations – System Capability and Load and Item 1. Business – FPL Energy Operations – Portfolio by Category in the 2005 Form 10-K for FPL Group and FPL.

In June 2006, FPL experienced a failure in a combustion turbine compressor blade at one of its generating units. As a result of this failure and other known blade failures in the electric utility industry related to certain types of combustion turbine compressors, FPL and FPL Energy began conducting inspections of all such blades in their generating fleets. These inspections revealed some blade cracking and resulted in the replacement of the blade set in several combustion turbine compressors. FPL and FPL Energy are currently working with the combustion turbine compressor manufacturer to determine the root cause of the blade cracking and to identify mitigation efforts, including frequency of blade inspection.

Item 6. Exhibits

Exhibit Number	Description	FPL Group	FPL
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through March 10, 2005 (filed as Exhibit 3(i) to Form S-4, File No. 333-124438)	x	
*3(i)b	Amendment to FPL Group's Restated Articles of Incorporation dated July 3, 2006 (filed as Exhibit 3(i) to Form 8-K dated June 30, 2006, 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
*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
*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
*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
*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
*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
*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
*3(i)j	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)j to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)k	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)k to Form 10-K dated December 31, 2003, File No. 2-27612)		x

Exhibit Number	Description	FPL Group	FPL
*3(i)l	Amendment to FPL's Restated Articles of Incorporation dated February 11, 2005 (filed as Exhibit 3(i)m to Form 10-K for the year ended December 31, 2004, File No. 1-8841)		x
3(*ii*)a	Amended and Restated Bylaws of FPL Group (as amended through May 26, 2006)	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)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and ten 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; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612); Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; and Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612)	x	x
*4(b)	Registration Rights Agreement dated April 24, 2006 relating to FPL's first mortgage bonds (filed as Exhibit 4(c) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612)	x	x
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL Group	x	

Exhibit Number	Description	FPL Group	FPL
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL Group	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL		x
32(a)	Section 1350 Certification of FPL Group	x	
32(b)	Section 1350 Certification 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.

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 4, 2006

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 AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Six Months Ended June 30, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 486
Income taxes	152
Fixed charges included in the determination of net income, as below	353
Amortization of capitalized interest	6
Distributed income of equity method investees	55
Less: Equity in earnings of equity method investees	41
Total earnings, as defined	$ 1,011
Fixed charges, as defined:	
Interest charges	$ 347
Rental interest factor	6
Fixed charges included in the determination of net income	353
Capitalized interest	13
Total fixed charges, as defined	$ 366
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	2.76

[a] FPL Group, Inc. has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Six Months Ended June 30, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 305
Income taxes	154
Fixed charges, as below	151
Total earnings, as defined	$ 610
Fixed charges, as defined:	
Interest charges	$ 143
Rental interest factor	3
Capitalized interest	5
Total fixed charges, as defined	$ 151
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	4.04

[a] Florida Power & Light Company has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer
of FPL Group, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer
of FPL Group, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, 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. (FPL Group) for the quarterly period ended June 30, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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.

Dated: August 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer of FPL Group, Inc.

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer of FPL Group, Inc.

A signed original of this written statement required by Section 906 has been provided to FPL Group and will be retained by FPL Group and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL Group under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of Florida Power & Light Company (FPL) for the quarterly period ended June 30, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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 4, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer of
Florida Power & Light Company

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to FPL and will be retained by FPL and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit (c)-1G

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2006**

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
2-27612	**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.

FPL Group, Inc. Yes X No ___ Florida Power & Light Company Yes ___ No X

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934.

FPL Group, Inc. Large Accelerated Filer X Accelerated Filer ___ Non-Accelerated Filer ___

Florida Power & Light Company Large Accelerated Filer ___ Accelerated Filer ___ Non-Accelerated Filer X

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ___ No X

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 September 30, 2006: 404,746,671 shares.

As of September 30, 2006, 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.

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.

Florida Power & Light Company meets the conditions set forth under General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with reduced disclosure format.

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FPL Group, Inc., Florida Power & Light Company, FPL Group Capital Inc and FPL Energy, LLC each have subsidiaries and affiliates with names that include FPL, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms FPL Group, FPL, FPL Group Capital and FPL Energy are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL Group, Inc.'s (FPL Group's) and/or Florida Power & Light Company's (FPL's) operations and financial results, and could cause FPL Group's and/or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

- FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry and environmental matters. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.
- The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.
- The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL could be adversely affected.
- The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL.
- FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group.
- FPL Group's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

- Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL Group and FPL to grow their businesses and would likely increase interest costs.
- Customer growth in FPL's service area affects FPL Group's and FPL's results of operations.
- Weather affects FPL Group's and FPL's results of operations.
- FPL Group and FPL are subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.
- Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL Group and FPL in unpredictable ways.
- The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.
- FPL Group and FPL are subject to employee workforce factors that could affect the businesses and financial condition of FPL Group and FPL.

These and other risk factors are included in this report in Part II, Item 1A. Risk Factors and in Part I, Item 1A. Risk Factors of FPL Group's and FPL's Annual Report on Form 10-K for the year ended December 31, 2005 (2005 Form 10-K). Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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,	
	2006	2005	2006	2005
OPERATING REVENUES	$ 4,694	$ 3,504	$ 12,087	$ 8,682
OPERATING EXPENSES				
Fuel, purchased power and interchange	2,656	1,826	6,883	4,458
Other operations and maintenance	506	469	1,501	1,321
Disallowed storm costs	-	-	54	-
Merger-related	11	-	21	-
Amortization of storm reserve deficiency	44	56	114	119
Depreciation and amortization	297	331	878	953
Taxes other than income taxes	313	263	863	719
Total operating expenses	3,827	2,945	10,314	7,570
OPERATING INCOME	867	559	1,773	1,112
OTHER INCOME (DEDUCTIONS)				
Interest charges	(179)	(150)	(526)	(428)
Equity in earnings of equity method investees	42	59	83	105
Gains on disposal of equity method investees and leveraged leases – net	-	4	-	25
Allowance for equity funds used during construction	6	2	15	25
Interest income	10	16	38	48
Other – net	7	2	7	21
Total other deductions – net	(114)	(67)	(383)	(204)
INCOME BEFORE INCOME TAXES	753	492	1,390	908
INCOME TAXES	229	153	380	229
NET INCOME	$ 524	$ 339	$ 1,010	$ 679
Earnings per share of common stock:				
Basic	$ 1.33	$ 0.88	$ 2.57	$ 1.79
Assuming dilution	$ 1.32	$ 0.87	$ 2.55	$ 1.77
Dividends per share of common stock	$ 0.375	$ 0.355	$ 1.125	$ 1.065
Weighted-average number of common shares outstanding:				
Basic	394.9	383.8	392.8	378.7
Assuming dilution	397.6	389.8	395.8	384.3

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 2005 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	September 30, 2006	December 31, 2005
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 33,686	$ 31,886
Nuclear fuel	669	520
Construction work in progress	1,345	945
Less accumulated depreciation and amortization	(11,451)	(10,888)
Total property, plant and equipment – net	24,249	22,463
CURRENT ASSETS		
Cash and cash equivalents	159	530
Customer receivables, net of allowances of $35 and $34, respectively	1,539	1,064
Other receivables, net of allowances of $9 and $9, respectively	323	366
Materials, supplies and fossil fuel inventory – at average cost	772	567
Regulatory assets:		
Deferred clause and franchise expenses	454	795
Storm reserve deficiency	158	156
Derivatives	783	-
Other	6	7
Derivatives	279	1,074
Other	361	428
Total current assets	4,834	4,987
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,721	2,401
Other investments	486	467
Regulatory assets:		
Storm reserve deficiency	782	957
Deferred clause expenses	62	307
Unamortized loss on reacquired debt	40	42
Derivatives	95	-
Other	53	37
Other	1,547	1,343
Total other assets	5,786	5,554
TOTAL ASSETS	$ 34,869	$ 33,004
CAPITALIZATION		
Common stock	$ 4	$ 4
Additional paid-in capital	4,514	4,182
Retained earnings	5,072	4,506
Accumulated other comprehensive loss	(10)	(193)
Total common shareholders' equity	9,580	8,499
Long-term debt	9,631	8,039
Total capitalization	19,211	16,538
CURRENT LIABILITIES		
Commercial paper	979	1,159
Current maturities of long-term debt	1,291	1,404
Accounts payable	1,065	1,245
Customer deposits	478	433
Margin cash deposits	31	393
Accrued interest and taxes	524	253
Regulatory liabilities:		
Deferred clause and franchise revenues	37	32
Derivatives	-	757
Derivatives	1,036	463
Other	722	1,128
Total current liabilities	6,163	7,267
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,887	1,685
Accumulated deferred income taxes	3,239	3,015
Regulatory liabilities:		
Accrued asset removal costs	2,021	2,033
Asset retirement obligation regulatory expense difference	828	786
Other	134	152
Other	1,386	1,528
Total other liabilities and deferred credits	9,495	9,199
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 34,869	$ 33,004

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Nine Months Ended September 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,010	$ 679
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	846	921
Nuclear fuel amortization	100	75
Recoverable storm-related costs of FPL	(326)	(317)
Amortization of storm reserve deficiency	114	119
Unrealized (gains) losses on marked to market energy contracts	(142)	240
Deferred income taxes and related regulatory credit	333	282
Deferred pension cost	(72)	(70)
Cost recovery clauses and franchise fees	592	(546)
Change in prepaid option premiums	(93)	10
Equity in earnings of equity method investees	(83)	(105)
Distribution of earnings from equity method investees	57	17
Changes in operating assets and liabilities:		
Customer receivables	(474)	(429)
Other receivables	67	(41)
Material, supplies and fossil fuel inventory	(192)	(73)
Other current assets	(7)	(35)
Accounts payable	(151)	532
Customer deposits	44	24
Margin cash deposits	(411)	1,049
Income taxes	11	(42)
Interest and other taxes	257	244
Other current liabilities	(27)	(104)
Other liabilities	-	(13)
Other – net	(33)	99
Net cash provided by operating activities	1,420	2,516
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(1,303)	(1,148)
Independent power investments	(1,375)	(668)
Nuclear fuel purchases	(141)	(69)
Sale of independent power investments	-	16
Loan repayments and capital distributions from equity method investees	-	126
Proceeds from sale of securities in nuclear decommissioning and storm funds	2,563	1,978
Purchases of securities in nuclear decommissioning and storm funds	(2,621)	(2,091)
Proceeds from sale of other securities	57	80
Purchases of other securities	(74)	(91)
Funding of secured loan	-	(43)
Proceeds from termination of leveraged lease	-	43
Other – net	(12)	2
Net cash used in investing activities	(2,906)	(1,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	2,822	1,093
Retirements of long-term debt	(1,379)	(695)
Proceeds from purchased Corporate Units	210	-
Payments to terminate Corporate Units	(258)	-
Retirements of preferred stock – FPL	-	(5)
Net change in short-term debt	(180)	(415)
Issuances of common stock	312	633
Dividends on common stock	(445)	(407)
Other – net	33	22
Net cash provided by financing activities	1,115	226
Net increase (decrease) in cash and cash equivalents	(371)	877
Cash and cash equivalents at beginning of period	530	225
Cash and cash equivalents at end of period	$ 159	$ 1,102
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of common stock and conversion of options and warrants in connection with the acquisition of Gexa Corp. (Gexa)	$ -	$ 81

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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,	
	2006	2005	2006	2005
OPERATING REVENUES	$ 3,513	$ 2,891	$ 9,096	$ 7,230
OPERATING EXPENSES				
Fuel, purchased power and interchange	2,080	1,460	5,369	3,686
Other operations and maintenance	335	334	1,024	960
Disallowed storm costs	-	-	54	-
Amortization of storm reserve deficiency	44	56	114	119
Depreciation and amortization	197	246	589	708
Taxes other than income taxes	292	244	796	663
Total operating expenses	2,948	2,340	7,946	6,136
OPERATING INCOME	565	551	1,150	1,094
OTHER INCOME (DEDUCTIONS)				
Interest charges	(69)	(58)	(212)	(157)
Allowance for equity funds used during construction	6	2	15	25
Other – net	5	(1)	12	3
Total other deductions – net	(58)	(57)	(185)	(129)
INCOME BEFORE INCOME TAXES	507	494	965	965
INCOME TAXES	179	183	333	341
NET INCOME	$ 328	$ 311	$ 632	$ 624

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	September 30, 2006	December 31, 2005
ELECTRIC UTILITY PLANT		
Plant in service	$ 23,836	$ 23,251
Nuclear fuel	421	380
Construction work in progress	1,034	776
Less accumulated depreciation and amortization	(9,787)	(9,530)
Electric utility plant – net	15,504	14,877
CURRENT ASSETS		
Cash and cash equivalents	65	56
Customer receivables, net of allowances of $19 and $20, respectively	1,078	653
Other receivables, net of allowances of $1 and $1, respectively	116	313
Materials, supplies and fossil fuel inventory – at average cost	554	449
Regulatory assets:		
Deferred clause and franchise expenses	454	795
Storm reserve deficiency	158	156
Derivatives	783	-
Other	6	7
Derivatives	13	828
Other	204	212
Total current assets	3,431	3,469
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,187	2,083
Regulatory assets:		
Storm reserve deficiency	782	957
Deferred clause expenses	62	307
Unamortized loss on reacquired debt	40	42
Derivatives	95	-
Other	53	37
Other	996	954
Total other assets	4,215	4,380
TOTAL ASSETS	$ 23,150	$ 22,726
CAPITALIZATION		
Common stock	$ 1,373	$ 1,373
Additional paid-in capital	4,319	4,318
Retained earnings	1,678	1,046
Total common shareholder's equity	7,370	6,737
Long-term debt	4,213	3,271
Total capitalization	11,583	10,008
CURRENT LIABILITIES		
Commercial paper	578	1,159
Current maturities of long-term debt	-	135
Accounts payable	764	863
Customer deposits	467	423
Margin cash deposits	-	382
Accrued interest and taxes	660	174
Regulatory liabilities:		
Deferred clause and franchise revenues	37	32
Derivatives	-	757
Derivatives	665	-
Other	528	929
Total current liabilities	3,699	4,854
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,534	1,474
Accumulated deferred income taxes	2,517	2,647
Regulatory liabilities:		
Accrued asset removal costs	2,021	2,033
Asset retirement obligation regulatory expense difference	828	786
Other	134	152
Other	834	772
Total other liabilities and deferred credits	7,868	7,864
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 23,150	$ 22,726

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 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,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 632	$ 624
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	557	676
Nuclear fuel amortization	68	56
Recoverable storm-related costs	(326)	(317)
Amortization of storm reserve deficiency	114	119
Deferred income taxes and related regulatory credit	36	343
Deferred pension cost	(59)	(56)
Cost recovery clauses and franchise fees	592	(546)
Change in prepaid option premiums	(87)	4
Changes in operating assets and liabilities:		
Customer receivables	(425)	(269)
Other receivables	20	(9)
Material, supplies and fossil fuel inventory	(106)	(59)
Other current assets	(15)	(18)
Accounts payable	(81)	399
Customer deposits	44	23
Margin cash deposits	(430)	1,010
Income taxes	447	45
Interest and other taxes	234	217
Other current liabilities	(19)	(47)
Other liabilities	-	42
Other – net	(3)	(5)
Net cash provided by operating activities	1,193	2,232
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,303)	(1,148)
Nuclear fuel purchases	(54)	(66)
Proceeds from sale of securities in nuclear decommissioning and storm funds	2,203	1,926
Purchases of securities in nuclear decommissioning and storm funds	(2,251)	(2,023)
Other – net	-	(2)
Net cash used in investing activities	(1,405)	(1,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	938	588
Retirements of long-term debt	(135)	-
Retirements of preferred stock	-	(25)
Net change in short-term debt	(581)	(441)
Dividends	-	(161)
Other – net	(1)	-
Net cash provided by (used in) financing activities	221	(39)
Net increase in cash and cash equivalents	9	880
Cash and cash equivalents at beginning of period	56	65
Cash and cash equivalents at end of period	$ 65	$ 945

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2005 Form 10-K for FPL Group and FPL.

The accompanying condensed consolidated financial statements should be read in conjunction with the 2005 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 condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. New Accounting Rules and Interpretations

Variable Interest Entities – In April 2006, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)," which states that the variability to be considered when applying FASB Interpretation No. (FIN) 46 (revised) (FIN 46(R)) to determine whether an entity is a variable interest entity should be based on an analysis of the design of the entity which entails analyzing the nature of the risks in the entity and determining the purpose for which the entity was created and determining the variability the entity is designed to create and pass along to its interest holders. The role of a contract or arrangement in the design of the entity, regardless of its legal form or accounting classification, shall dictate whether that interest should be treated as creating or absorbing variability for the entity. The effective date of FSP FIN 46(R)-6 was July 1, 2006 and was applied prospectively. The adoption of FSP FIN 46(R)-6 did not have a significant impact on the financial statements of FPL Group or FPL.

Accounting for Uncertainty in Income Taxes – In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109." The interpretation prescribes a more-likely-than-not recognition threshold and establishes measurement requirements for financial statement reporting of an entity's income tax positions. The interpretation is effective for fiscal years beginning after December 15, 2006. The impact, if any, of applying the provisions of FIN 48 will be reported as a cumulative effect adjustment in the first quarter of 2007. FPL Group and FPL are currently evaluating the impact of FIN 48.

Accounting for Planned Major Maintenance Activities – In September 2006, the FASB issued FSP AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which eliminates the accrue-in-advance method for recognizing costs associated with planned major maintenance activities. FPL Group and FPL currently utilize the accrue-in-advance method to account for certain planned major maintenance costs. FPL will continue to apply the accrue-in-advance method in accordance with regulatory treatment, and will record the resulting accrual as a regulatory liability on the balance sheet. Upon adoption of FSP AUG AIR-1, FPL Energy will utilize the deferral method to account for certain planned major maintenance costs. FPL Group and FPL will be required to adopt FSP AUG AIR-1 beginning January 1, 2007 and apply it retrospectively. FPL Group is currently evaluating the impact of adopting FSP AUG AIR-1.

Fair Value Measurements – In September 2006, the FASB issued Statement of Financial Accounting Standards No. (FAS) 157, "Fair Value Measurements," which clarifies how to measure fair value and requires enhanced fair value measurement disclosures. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement and sets out a fair value hierarchy with the highest priority being quoted prices in active markets for identical assets or liabilities. FPL Group and FPL will be required to adopt FAS 157 on January 1, 2008. FPL Group and FPL are currently evaluating the impact of FAS 157.

Accounting for Pensions and Other Postretirement Plans – In September 2006, the FASB issued FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," which requires the reporting of previously unrecognized actuarial gains and losses and prior service costs on the balance sheet as part of other comprehensive income. FPL Group and FPL will be required to adopt FAS 158 at December 31, 2006, which is expected to result in a significant net increase in total assets with a corresponding increase in other comprehensive income and deferred taxes, and for FPL's portion an increase in regulatory assets and liabilities. The standard also requires FPL Group and FPL to measure plan assets and liabilities as of their year end no later than December 31, 2008. FPL Group and FPL are continuing to evaluate additional impacts of FAS 158.

2. Employee Retirement Benefits

Employee Benefit Plans and Other Postretirement Plan – FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries. FPL Group also has a supplemental executive retirement plan (SERP). See Supplemental Retirement Plan below. In addition to pension benefits, FPL Group sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of FPL Group and its subsidiaries meeting certain eligibility requirements.

The following table provides the components of net periodic benefit (income) cost for the plans:

	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2006	2005	2006	2005	2006	2005	2006	2005
	(millions)							
Service cost	$ 13	$ 13	$ 1	$ 2	$ 38	$ 39	$ 4	$ 6
Interest cost	22	22	6	6	66	65	18	19
Expected return on plan assets	(53)	(53)	(1)	(1)	(160)	(158)	(3)	(3)
Amortization of transition obligation	-	-	1	1	-	-	3	3
Amortization of prior service benefit	(1)	(1)	-	-	(3)	(3)	-	-
Amortization of (gains) losses	(4)	(4)	-	1	(11)	(12)	-	3
Other	-	-	-	-	-	-	2	-
Net periodic benefit (income) cost at FPL Group	$ (23)	$ (23)	$ 7	$ 9	$ (70)	$ (69)	$ 24	$ 28
Net periodic benefit (income) cost at FPL	$ (19)	$ (18)	$ 7	$ 8	$ (57)	$ (55)	$ 22	$ 24

Supplemental Retirement Plan – FPL Group has a SERP which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. The cost of this SERP component is included in the determination of net periodic benefit income for pension benefits in the preceding table and amounted to approximately $1 million and $1 million for FPL Group for the three months ended September 30, 2006 and 2005, respectively, and approximately $2 million and $2 million for the nine months ended September 30, 2006 and 2005, respectively.

3. Derivative Instruments

Derivative instruments, when required to be marked to market under FAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value.

FPL Group's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	FPL Group		FPL	
	September 30, 2006	December 31, 2005	September 30, 2006	December 31, 2005
	(millions)			
Current derivative assets	$ 279	$ 1,074	$ 13	$ 828
Other assets	158	62	4	-
Current derivative liabilities	(1,036)	(463)	(665)	-
Other liabilities	(219)	(387)	(70)	-
Total mark-to-market derivative instrument assets (liabilities)	$ (818)	$ 286	$ (718)	$ 828

FPL Group and FPL use derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate risk associated with long-term debt. In addition, FPL Group uses derivatives to optimize the value of power generation assets. At FPL, substantially all changes in the fair value of derivatives are deferred as a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause) or the capacity cost recovery clause (capacity clause). For FPL Group's non-rate regulated operations, predominantly FPL Energy, LLC (FPL Energy), essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income unless hedge accounting is applied. While the majority 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 in offsetting the hedged risk. Additionally, for hedges of commodity price risks, physical delivery for forecasted commodity transactions must be probable. FPL Group believes that where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has not occurred. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis. Generally, 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.

At September 30, 2006, FPL Group had cash flow hedges with expiration dates through December 2011 for energy contract derivative instruments, and interest rate cash flow hedges with expiration dates through November 2019. 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 net unrealized gains (losses) on these hedges flows through earnings in the current period and amounted to $12 million and ($15) million for the three months ended September 30, 2006 and 2005, respectively, and $23 million and ($25) million for the nine months ended September 30, 2006 and 2005, respectively. Settlement gains and losses are included within the line items in the statements of income to which they relate.

FPL Group's unrealized mark-to-market gains (losses) on derivative transactions reflected in the condensed consolidated statements of income for consolidated subsidiaries and equity method investees are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(millions)			
Consolidated subsidiaries	$ 116	$ (113)	$ 142	$ (240)
Equity method investees	$ (5)	$ 10	$ (20)	$ 7

4. Income Taxes

FPL Group's effective income tax rate for the three months ended September 30, 2006 and 2005 was approximately 30.5% and 31.1%, respectively. The reduction from the federal statutory rate mainly reflects the benefit of production tax credits (PTCs) of approximately $35 million and $30 million, respectively, related to FPL Energy's wind projects. The corresponding rates and amounts for the nine months ended September 30, 2006 and 2005 were approximately 27.4% and 25.2%, respectively, and approximately $116 million and $93 million, respectively. In addition, FPL Group's effective income tax rate for the three and nine months ended September 30, 2006 reflects a $13 million state tax benefit, reflecting FPL Energy's growth throughout the United States, recorded at Corporate and Other in the third quarter of 2006 and certain federal income tax deductions and credits recorded in 2006 by FPL. FPL Group's effective income tax rate for the nine months ended September 30, 2006 also reflects an approximately $7 million deferred tax expense resulting from a change in tax law in Texas.

FPL Group recognizes PTCs as wind energy is generated and sold based on a per kilowatt-hour (kwh) rate prescribed in applicable federal and state statutes, which may differ significantly from amounts computed, on a quarterly basis, using an overall effective income tax rate anticipated for the full year. FPL Group utilizes this method of recognizing PTCs for specific reasons including that PTCs are an integral part of the financial viability of most wind projects and a fundamental component of such wind projects' results of operations.

5. Merger

On October 24, 2006, FPL Group and Constellation Energy Group, Inc. (Constellation Energy) mutually agreed to terminate their previously-announced proposed merger as a result of continued uncertainty over regulatory and judicial matters in Maryland. No termination fee is payable under the termination agreement unless Constellation Energy agrees with another party to a comparable transaction on or prior to September 30, 2007, in which case a fee will be payable to FPL Group by Constellation Energy. FPL Group recorded approximately $11 million of merger-related costs in the third quarter of 2006, primarily as a result of the write-off of previously capitalized transaction costs.

6. Comprehensive Income

FPL Group's comprehensive income is as follows:

	Three Months Ended September 30,	
	2006	2005
	(millions)	
Net income of FPL Group	$ 524	$ 339
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $60 tax expense and $83 tax benefit, respectively)	87	(121)
Reclassification from other comprehensive income (OCI) to net income (net of $5 and $10 tax expense, respectively)	8	15
Net unrealized gains (losses) on interest rate cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $5 tax benefit and $2 tax expense, respectively)	(8)	3
Reclassification from OCI to net income (net of $0.5 tax expense in 2006)	1	-
Net unrealized gains (losses) on available for sale securities (net of $8 tax expense in 2006)	13	-
SERP liability adjustment (net of $1 tax expense in 2005)	-	3
Comprehensive income of FPL Group	$ 625	$ 239

	Nine Months Ended September 30,	
	2006	2005
	(millions)	
Net income of FPL Group	$ 1,010	$ 679
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $98 tax expense and $138 tax benefit, respectively)	143	(203)
Reclassification from OCI to net income (net of $19 and $21 tax expense, respectively)	28	31
Net unrealized gains (losses) on interest rate cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of $0.6 tax benefit and $2 tax expense, respectively)	(1)	3
Reclassification from OCI to net income (net of $1 and $1 tax expense, respectively)	2	2
Net unrealized gains (losses) on available for sale securities (net of $6 tax expense and $2 tax benefit, respectively)	10	(3)
SERP liability adjustment (net of $0.5 and $1 tax expense, respectively)	1	3
Comprehensive income of FPL Group	$ 1,193	$ 512

Approximately $40 million of losses included in FPL Group's accumulated other comprehensive loss at September 30, 2006 will be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or interest payments are made. Such amount assumes no change in fuel prices, power prices or interest rates. Accumulated other comprehensive loss is separately displayed on the condensed consolidated balance sheets of FPL Group.

7. Storm Reserve Deficiency

FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004, which did major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At September 30, 2006, FPL's storm reserve deficiency totaled approximately $940 million. In May 2006, the Florida Public Service Commission (FPSC) approved the issuance of approximately $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency at July 31, 2006, or approximately $934 million, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs will continue to be recovered through a previously

approved storm damage surcharge until the bonds are issued. FPL is working with the FPSC staff and its financial advisors to complete the issuance of the bonds.

In its May 2006 decision, the FPSC applied a different standard for recovery of 2005 storm costs than was used for the 2004 storm costs. Accordingly, the FPSC made certain adjustments and disallowances to amounts sought to be recovered by FPL. In addition, the FPSC allowed FPL to recover interest on 2005 storm restoration costs. These adjustments and disallowances, net of interest, were recorded in the second quarter of 2006 and reduced FPL Group's and FPL's net income for the nine months ended September 30, 2006 by approximately $28 million, reduced FPL Group's and FPL's storm reserve deficiency by approximately $35 million and reduced FPL Group's and FPL's property, plant and equipment by approximately $11 million.

8. Common Stock

Earnings Per Share – The reconciliation of FPL Group's basic and diluted earnings per share of common stock is shown below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(millions, except per share amounts)			
Numerator – net income	$ 524	$ 339	$ 1,010	$ 679
Denominator:				
Weighted-average number of common shares outstanding – basic	394.9	383.8	392.8	378.7
Restricted stock, performance share awards, options, warrants and equity units [a]	2.7	6.0	3.0	5.6
Weighted-average number of common shares outstanding – assuming dilution	397.6	389.8	395.8	384.3
Earnings per share of common stock:				
Basic	$ 1.33	$ 0.88	$ 2.57	$ 1.79
Assuming dilution	$ 1.32	$ 0.87	$ 2.55	$ 1.77

[a] Performance share awards are included in diluted weighted-average number of common shares outstanding based upon what would be issued if the end of the reporting period were the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units (known as Corporate Units) are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable upon the exercise of stock options which were not included in the denominator above due to their antidilutive effect were approximately 0.3 million for each of the three and nine months ended September 30, 2006 and less than 0.1 million for each of the three and nine months ended September 30, 2005.

In February 2006, FPL Group issued approximately 8.7 million shares of common stock upon settlement of the stock purchase contracts issued in connection with its 8% Corporate Units. See Note 9.

Stock-Based Compensation – Effective January 1, 2006, FPL Group adopted FAS 123(R), "Share-Based Payment," using the modified prospective application transition method. Accordingly, the condensed consolidated balance sheet as of December 31, 2005, the condensed consolidated statements of income for the three and nine months ended September 30, 2005 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2005 do not reflect any restated amounts. Because FPL Group adopted the fair value recognition provisions of FAS 123, "Accounting for Stock-Based Compensation," in 2004, the adoption of FAS 123(R) did not have a significant effect on FPL Group's financial statements.

Net income for the three and nine months ended September 30, 2006 includes approximately $8 million and $26 million, respectively, of compensation costs and $3 million and $10 million, respectively, of income tax benefits related to stock-based compensation arrangements. Net income for the three and nine months ended September 30, 2005 includes approximately $7 million and $22 million, respectively, of compensation costs and $3 million and $8 million, respectively, of income tax benefits related to stock-based compensation arrangements. As of September 30, 2006, there were approximately $48 million of unrecognized compensation costs related to nonvested/nonexercisable share-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.7 years. For awards granted subsequent to December 31, 2005, compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. For awards granted prior to that date, compensation costs for awards with graded vesting are recognized using the graded vesting attribution method.

At September 30, 2006, approximately 26.6 million shares of common stock were authorized and 18.5 million were available for awards (including outstanding awards) to officers, employees and non-employee directors of FPL Group and its subsidiaries under FPL Group's amended and restated long-term incentive plan (LTIP) and amended and restated non-employee directors stock plan. FPL Group satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. FPL Group satisfies stock option exercises by issuing new shares of its common stock.

Restricted Stock and Performance Share Awards – Restricted stock typically vests within three years after the date of grant and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of FPL Group common stock as of the date of grant. Performance share awards are typically payable at the end of a three-year performance period if the specified performance criteria are met. The fair value of performance share awards is estimated based upon the closing market price of FPL Group common stock as of the date of grant less the present value of expected dividends, multiplied by an estimated performance multiple determined on the basis of historical experience, which is subsequently trued up at vesting based on actual performance.

The activity in restricted stock and performance share awards for the three months ended September 30, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted Stock:		
Nonvested balance, July 1, 2006	1,142,407	$ 37.92
Granted	17,350	$ 41.55
Vested	(19,219)	$ 36.01
Forfeited	(9,000)	$ 42.66
Nonvested balance, September 30, 2006	1,131,538	$ 37.97
Performance Share Awards:		
Nonvested balance, July 1, 2006	1,142,793	$ 33.56
Granted	-	$ -
Vested	-	$ -
Forfeited	(5,730)	$ 34.82
Nonvested balance, September 30, 2006	1,137,063	$ 33.55

The activity in restricted stock and performance share awards for the nine months ended September 30, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted Stock:		
Nonvested balance, January 1, 2006	1,022,545	$ 35.54
Granted	381,289	$ 41.75
Vested	(251,030)	$ 33.56
Forfeited	(21,266)	$ 41.36
Nonvested balance, September 30, 2006	1,131,538	$ 37.97
Performance Share Awards:		
Nonvested balance, January 1, 2006	1,145,502	$ 29.88
Granted	581,978	$ 34.08
Vested	(574,947)	$ 26.73
Forfeited	(15,470)	$ 34.00
Nonvested balance, September 30, 2006	1,137,063	$ 33.55

The weighted-average grant date fair value of restricted stock granted for the three and nine months ended September 30, 2005 was $43.78 and $38.54, respectively. The weighted-average grant date fair value of performance share awards granted for the three and nine months ended September 30, 2005 was $39.27 and $34.12, respectively.

The total fair value of restricted stock and performance share awards vested was $1 million and $1 million for the three months ended September 30, 2006 and 2005, respectively, and $34 million and $16 million for the nine months ended September 30, 2006 and 2005, respectively.

Options – Options typically vest within three years after the date of grant and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of FPL Group common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	2006	2005
Expected volatility [a]	19.56%	20.00%
Expected dividends	3.40%	3.68%
Expected term (years) [b]	6	7
Risk-free rate	4.60%	4.08%

(a) Based on historical experience.
(b) In 2006, FPL Group elected to use the "simplified" method to calculate the expected term. In 2005, the expected term was derived from historical experience.

Option activity for the three months ended September 30, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, July 1, 2006	7,301,904	$ 30.03		
Granted	-	$ -		
Exercised	(325,502)	$ 28.23		
Forfeited	-	$ -		
Expired	(29,000)	$ 27.87		
Balance, September 30, 2006	6,947,402	$ 30.12	6.0	$ 103

Option activity for the nine months ended September 30, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2006	7,228,617	$ 29.42		
Granted	334,500	$ 41.76		
Exercised	(575,720)	$ 28.24		
Forfeited	(10,995)	$ 28.38		
Expired	(29,000)	$ 27.87		
Balance, September 30, 2006	6,947,402	$ 30.12	6.0	$ 103
Exercisable, September 30, 2006	6,175,570	$ 29.15	5.7	$ 98

The weighted-average grant date fair value of options granted was $7.46 and $6.30 for the nine months ended September 30, 2006 and 2005, respectively. There were no options granted during the three months ended September 30, 2006 or 2005.

The total intrinsic value of stock options exercised was approximately $5 million and $11 million for the three months ended September 30, 2006 and 2005, respectively, and approximately $8 million and $25 million for the nine months ended September 30, 2006 and 2005, respectively.

Cash received from option exercises was approximately $9 million and $21 million for the three months ended September 30, 2006 and 2005, respectively, and approximately $16 million and $54 million for the nine months ended September 30, 2006 and 2005, respectively. The tax benefits realized from options exercised were approximately $1 million and $4 million for the three months ended September 30, 2006 and 2005, respectively, and approximately $2 million and $9 million for the nine months ended September 30, 2006 and 2005, respectively.

9. Debt

In June 2002, FPL Group sold 10.12 million 8% Corporate Units. In connection with the 8% Corporate Units financing, FPL Group Capital Inc (FPL Group Capital) issued $506 million principal amount of 5% debentures due February 16, 2008, which were absolutely, irrevocably and unconditionally guaranteed by FPL Group. During 2005, FPL Group Capital remarketed these debentures and the annual interest rate was reset to 5.551%. Each 8% Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder was required to purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group made payments of 3% of the unit's $50 stated value until the shares were purchased. In February 2006, FPL Group paid approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units. Also in February 2006, FPL Group issued approximately 8.7 million shares of common stock in return for approximately $296 million in proceeds upon settlement of the stock purchase contracts issued in connection with the remainder of the 8% Corporate Units.

In January 2006, FPL issued $400 million principal amount of 5.65% first mortgage bonds maturing in February 2037. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes. Also during the three months ended March 31, 2006, FPL borrowed $300 million in notes payable under an uncommitted credit facility. These notes matured in April and May 2006.

In April 2006, FPL issued $300 million principal amount of 6.20% first mortgage bonds maturing in June 2036 in a private placement transaction. The proceeds were used to repay a portion of FPL's short-term borrowings and for other corporate purposes.

In May 2006, FPL borrowed $250 million under a new revolving five-year term loan facility. The loan bears interest at a variable rate and the principal is due in May 2008. The proceeds from the loan were used for general corporate purposes. Under the terms of the term loan facility, FPL is required to maintain a minimum ratio of funded debt to total capitalization.

In June 2006, FPL Group Capital borrowed $400 million under three separate two-year term loan facilities. Each of the loans bears interest at a variable rate and the principal is due in June 2008. The proceeds from the loans were used for general corporate purposes. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees the payment of these term loans and is required to maintain a minimum ratio of funded debt to total capitalization under the terms of the term loan facilities.

Also in June 2006, Bison Wind, LLC (Bison Wind), an FPL Energy subsidiary, issued $186 million of 6.665% limited-recourse senior secured notes maturing in January 2031. In addition, Bison Wind Portfolio, LLC (Bison Wind Portfolio), another subsidiary of FPL Energy, issued $20 million of 7.51% limited-recourse senior secured notes maturing in July 2021. Principal and interest on each series of notes are payable semi-annually. Substantially all of the proceeds from these note issuances were distributed to FPL Energy in return for a portion of the capital contributions that it made to certain of its direct and indirect subsidiaries for the investment by such subsidiaries in the development, acquisition and construction of two wind power projects located in North Dakota and Oklahoma. The Bison Wind notes are secured by liens on the wind projects' assets and the Bison Wind Portfolio notes are secured by certain other assets. FPL Group Capital has guaranteed certain payments with respect to PTCs generated by the projects, and certain contingent payment and indemnification obligations related to the projects, but did not guarantee payments on either series of the notes. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees these FPL Group Capital payment guarantees.

In August 2006, FPL Group Capital sold $600 million principal amount of 5 5/8% debentures maturing in September 2011. The proceeds were used for general corporate purposes. FPL Group guarantees the payment of these debentures.

In September 2006, FPL Group Capital sold $350 million principal amount of Series A Enhanced Junior Subordinated Debentures (Series A Debentures) due 2066 and $350 million principal amount of Series B Enhanced Junior Subordinated Debentures (Series B Debentures) due 2066. The Series A Debentures bear interest at 6.60% per year. The Series B Debentures initially bear interest at 6.35% per year and, beginning October 1, 2016, will bear interest at the three-month London InterBank Offered Rate (LIBOR) plus 206.75 basis points, reset quarterly. The proceeds from both series of debentures were added to FPL Group Capital's general funds, which FPL Group Capital used to repay a portion of commercial paper issued to fund investments by FPL Group Capital in independent power projects and to repay outstanding long-term debt obligations. FPL Group guarantees the payment of both series of debentures.

10. 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 include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At

FPL Energy, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind projects and the procurement of nuclear fuel. FPL FiberNet, LLC's (FPL FiberNet's) capital expenditures primarily include costs to meet customer specific requirements and sustain its fiber-optic network. At September 30, 2006, planned capital expenditures for the remainder of 2006 through 2010 were estimated as follows:

	2006	2007	2008	2009	2010	Total
			(millions)			
FPL:						
Generation: [a]						
New [b]	$ 50	$ 365	$ 540	$ 645	$ 500	$ 2,100
Existing [c]	190	555	395	410	285	1,835
Transmission and distribution [c]	165	885	790	840	850	3,530
Nuclear fuel	10	120	85	125	135	475
General and other	65	155	165	160	165	710
Total	$ 480	$ 2,080	$ 1,975	$ 2,180	$ 1,935	$ 8,650
FPL Energy:						
Wind [d]	$ 110	$ 1,120	$ 10	$ 5	$ 5	$ 1,250
Nuclear [e]	55	155	155	120	165	650
Gas	60	50	30	15	15	170
Other	10	50	40	10	10	120
Total	$ 235	$ 1,375	$ 235	$ 150	$ 195	$ 2,190
FPL FiberNet	$ 3	$ 13	$ 11	$ 11	$ 11	$ 49

(a) Includes allowance for funds used during construction (AFUDC) of approximately $12 million, $33 million, $51 million, $72 million and $71 million in 2006, 2007, 2008, 2009 and 2010, respectively.
(b) Includes generating structures, transmission interconnection and integration, licensing and AFUDC.
(c) Includes estimated capital costs associated with FPL's Storm Secure℠ Plan, an initiative to enhance its electrical grid as a result of heightened hurricane activity and in response to concerns expressed by the community, state leaders and regulators, and costs associated with an FPSC-approved storm preparedness plan (collectively, Storm Secure Plan). These capital costs are subject to change over time based on productivity enhancements and prioritization.
(d) Capital expenditures for new wind projects are estimated through 2007, when eligibility for PTCs for new wind projects is scheduled to expire.
(e) Includes nuclear fuel.

In addition to estimated capital expenditures listed above, FPL and FPL Energy have long-term contracts related to purchased power and/or fuel (see Contracts below). At September 30, 2006, FPL Energy had approximately $2.0 billion in firm commitments, primarily for the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. In October 2006, FPL Energy entered into contracts totaling approximately $183 million in connection with its 2007 projected wind development. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt.

FPL Group and FPL each account for payment guarantees and related contracts, for which it or a subsidiary is the guarantor, under FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," which requires that the fair value of guarantees provided to unconsolidated entities entered into after December 31, 2002, be recorded on the balance sheet. At September 30, 2006, subsidiaries of FPL Group, other than FPL, have guaranteed debt service payments relating to agreements that existed at December 31, 2002. The term of the guarantees is equal to the term of the related debt, with remaining terms ranging from 1 year to 12 years. The maximum potential amount of future payments that could be required under these guarantees at September 30, 2006 was approximately $14 million. At September 30, 2006, FPL Group did 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 guarantees. Guarantees provided to unconsolidated entities entered into subsequent to December 31, 2002, and the related fair value, were not material as of September 30, 2006.

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 this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Contracts – FPL Group has entered into a long-term agreement for the purchase of wind, combustion and steam turbines, as well as parts, repairs and on-site services through 2021. The related commitments as of September 30, 2006 are included in FPL Energy's and Corporate and Other's minimum payments shown in the table below and in FPL Energy's estimated capital expenditures shown in the table 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 subsidiaries) to pay for approximately 1,300 megawatts (mw) of power annually through mid-2015 and 381 mw annually thereafter through 2021, and one of the Southern subsidiaries' contracts is subject to minimum quantities. FPL also has various firm pay-for-performance contracts to purchase approximately 700 mw of generating capacity from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2009 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has various agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,600 mw of generating capacity with expiration dates ranging from 2007 through 2012. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has contracts with expiration dates through 2028 for the purchase of natural gas, coal and oil, transportation of natural gas and coal, and storage of natural gas.

FPL Energy has entered into several contracts for the purchase of wind turbines and towers in support of substantially all of its planned new wind generation. In addition, FPL Energy has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from 2007 through 2033. FPL Energy also has several contracts for the purchase, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from late-2006 to 2014.

The required capacity and minimum payments under these contracts as of September 30, 2006 were estimated as follows:

	2006	2007	2008	2009	2010	Thereafter
				(millions)		
FPL:						
Capacity payments: [a]						
JEA and Southern subsidiaries [b]	$ 50	$ 195	$ 200	$ 205	$ 205	$ 1,180
Qualifying facilities [b]	$ 75	$ 315	$ 325	$ 320	$ 295	$ 3,470
Other electricity suppliers [b]	$ 15	$ 60	$ 50	$ 50	$ 10	$ 10
Minimum payments, at projected prices:						
Southern subsidiaries – energy [b]	$ 20	$ 80	$ 85	$ 95	$ 40	$ -
Natural gas, including transportation and storage [c]	$ 460	$ 1,190	$ 235	$ 260	$ 260	$ 2,405
Coal [c]	$ 15	$ 45	$ 30	$ 10	$ 5	$ 5
Oil [c]	$ 160	$ -	$ -	$ -	$ -	$ -
FPL Energy	$ 365	$ 605	$ 55	$ 55	$ 50	$ 705
Corporate and Other	$ 30	$ -	$ -	$ -	$ -	$ -

(a) Capacity payments under these contracts, the majority of which are recoverable through the capacity clause, totaled approximately $166 million and $170 million for the three months ended September 30, 2006 and 2005, respectively, and approximately $466 million and $477 million for the nine months ended September 30, 2006 and 2005, respectively.

(b) Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately $123 million and $98 million for the three months ended September 30, 2006 and 2005, respectively, and approximately $322 million and $277 million for the nine months ended September 30, 2006 and 2005, respectively.

(c) Recoverable through the fuel clause.

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 both private sources and an industry retrospective payment plan. In accordance with this Act, 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 $604 million ($402 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $90 million ($60 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 Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates $12 million, $30 million and $15 million, plus any applicable taxes, per incident, respectively.

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 for an extended period of time 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 $132 million ($88 million for FPL), plus any applicable taxes, 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, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $5 million and $3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL has essentially no insurance coverage on its transmission and distribution property and FPL Group has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Under the terms of the agreement regarding FPL's retail base rates approved by the FPSC (2005 rate agreement), FPL may recover prudently incurred storm restoration costs either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges. See Note 7.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers 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.

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. The EPA further revised its civil penalty rule in February 2004, such that the maximum penalty is $32,500 per day for each violation after March 15, 2004. 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 opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals ruled on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative compliance 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 June 2003, the Eleventh Circuit issued its order dismissing the TVA's appeal because it found the provision of the Clean Air Act allowing the EPA to issue binding administrative compliance orders was unconstitutional, and hence found that the TVA order was a non-final order that courts of appeal do not have jurisdiction to review. In September 2003, the Eleventh Circuit denied the EPA's motion for rehearing. In May 2004, the U.S. Supreme Court denied the EPA's petition for review of the Eleventh Circuit order. The EPA has not yet moved to reopen the Georgia Power Company case.

In 2001, Florida Municipal Power Agency (FMPA) filed with the U.S. 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 Federal Energy Regulatory Commission (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 since 1996. In the orders appealed by FMPA, the 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, the 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. In January 2003, the DC Circuit upheld the FERC's order denying FMPA credits for its facilities; in March 2003, the DC Circuit denied FMPA's rehearing request of the DC Circuit's decision; and in October 2003, the U.S. Supreme Court denied FMPA's petition for review of the DC Circuit's decision.

FMPA also has requested that the FERC decide the same crediting issue in a separate FERC proceeding. That proceeding dates back to a filing by FPL in 1993 of a comprehensive restructuring of its then-existing tariff structure. All issues in that case were settled in September 2000 except for three issues reserved by FMPA: (i) the crediting issue, (ii) treatment of behind-the-meter generation and load ratio pricing for network integration transmission service, and (iii) exclusions from FPL's transmission rates of the costs of FPL's facilities that failed to meet the same integration test that was applied to FMPA's facilities with respect to the crediting issue. In December 2003, the FERC issued an order addressing the three reserved issues. With respect to the crediting issue, the FERC stated that it had previously determined that FMPA was not entitled to credits for its facilities in the related proceeding discussed above and saw no persuasive reason to revisit that determination in this proceeding. Regarding the issue of behind-the-meter generation, the FERC stated that it had addressed the issue of load ratio pricing for network integration transmission service and the related issue of behind-the-meter generation in Order Nos. 888 and 888-A, and saw no persuasive reason to revisit that determination in this proceeding. With respect to the third issue, the FERC directed FPL to make a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test applied to the FMPA facilities.

In January 2004, FMPA requested a "conditional rehearing on the Commission's failure to order rate credits solely in the event that Commission does not adequately reduce FPL's rate base to achieve comparability," and challenging the FERC's determination not to revisit the issue of behind-the-meter generation and load ratio pricing for network integration transmission service. In March 2004, the FERC issued an order denying FMPA's rehearing request. In April 2004, FMPA petitioned the DC Circuit for review of the FERC's December 2003 order and March 2004 order. FMPA filed its initial brief in that proceeding in October 2004. FMPA's arguments are limited to the issue of behind-the-meter generation and load ratio pricing for network integration transmission service in instances when, according to FMPA, FPL cannot provide transmission service because of "physical transmission limitations." In June 2005, the DC Circuit remanded the case to the FERC for further consideration. The DC Circuit concluded that the FERC failed to explain in its orders why network customers should be charged by the transmission provider for network service that the provider is physically constrained from offering and why physical impossibility should not be recognized as an exception to the general rule against permitting partial load ratio pricing for network customers. The DC Circuit noted that it was not reaching a determination on whether charging on a full load basis in fact is unjust and unreasonable under the circumstances, that it was not defining what constitutes physical impossibility, and that it was not determining whether FMPA made a showing of impossibility. In December 2005, the FERC issued an order on remand answering the DC Circuit's question by finding that FPL is entitled to load ratio share pricing, notwithstanding constraints on a third-party's system. In January 2006, FMPA filed a rehearing request of this order with the FERC. In July 2006, the FERC denied FMPA's request for rehearing. FMPA submitted a petition for review of the FERC's December 2005 and July 2006 orders at the DC Circuit. In August 2006, the FERC requested a stay of the proceedings at the DC Circuit pending resolution of FPL's rehearing request discussed below.

In May 2004, FPL made a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test that was applied to the FMPA facilities. Pursuant to this filing, 1.63% of FPL's transmission facilities do not satisfy the integration standard and FPL's current network transmission rate would be reduced by $0.02 per kilowatt (kw) per month. In June 2004, FMPA filed a protest to FPL's compliance filing, which protest would exclude approximately 30% of FPL's transmission facilities and reduce FPL's current network transmission rate by approximately $0.41 per kw per month. In January 2005, the FERC issued an order on FPL's compliance filing. In the order, the FERC accepted FPL's standards for analyzing the transmission system and agreed that FPL's "Georgia Ties" and "Turkey Point Lines" are part of FPL's integrated grid. The FERC required FPL to make an additional compliance filing removing the cost of all radial transmission lines from transmission rates, rather than only radial lines that serve one customer, analyzing the FPL transmission system to remove the cost of any transmission facilities that provide only "unneeded redundancy," and calculating rate adjustments using 1993 data rather than 1998 data. FPL made this compliance filing in April 2005, reducing FPL's rate $0.04 per kw per month. In May 2005, FMPA protested FPL's compliance filing, claiming that FPL had not followed the FERC's mandate and argued that FPL's rates should be reduced by an additional $0.20 per kw per month, potentially resulting in a refund obligation to FMPA of approximately $21 million at September 30, 2006. Any reduction in FPL's network service rate also would apply effective January 1, 2004 to Seminole Electric Cooperative Inc. (Seminole), FPL's other network customer. The refund obligation to Seminole based on FMPA's position is approximately $8 million at September 30, 2006.

In December 2005, the FERC issued an order accepting FPL's April 2005 compliance filing in part, rejecting it in part, and directing the submission of a further compliance filing. The FERC accepted FPL's compliance filing wherein FPL proposed a reduction in its rate base created by the exclusion of certain radial lines valued at $29 million net plant. However, the FERC concluded that it is not clear whether FPL failed to test its non-radial facilities in a manner comparable to the way it tested FMPA's facilities. The December 2005 order directed FPL to make a further compliance filing within 60 days to explain the meaning of "unserved load" as it applies to Florida Reliability Coordinating Council (FRCC) standards, and to remove from rates any facility where the unserved load occurred only as a result of the contingency facility. The FERC stated that FRCC and North American Electric Reliability Council (NERC) standards allow for the controlled loss of load on radial facilities and that FPL tested FMPA facilities for loss of local load as well as load at other load centers. FPL filed a rehearing request in January 2006, contending that the FERC misapplied FRCC/NERC planning criteria for radial facilities to network systems and misinterpreted the test FPL applied to FMPA facilities. FPL also filed a request to delay the compliance filing pending FERC action on FPL's rehearing request, and in January 2006, the FERC granted that request. In July 2006, the FERC denied FPL's request for rehearing and ordered FPL to make its compliance filing within 60 days. FPL filed a request for rehearing of the FERC's July 2006 order. In September 2006, FPL made the required compliance filing, removing an additional $5.6 million in transmission facilities from rates, which resulted in a refund liability of approximately $3 million to FMPA and approximately $1 million to Seminole at September 30, 2006.

In 1995 and 1996, FPL Group, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. On June 24, 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against FPL Group and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a

business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest. FPL Group has filed an answer to the complaint. FPL Group believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from FPL Group, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. The case is in discovery and has been reset for trial in March 2008.

In 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, as subsequently amended, 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 January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. Plaintiff's appeal of this matter is pending before the U.S. Court of Appeals for the 11th Circuit.

In 2003, Tish Blake and John Lowe, as personal representatives of the Estate of Ashton Lowe, on behalf of the estate and themselves, as surviving parents, brought an action in the U.S. District Court for the Southern District of Florida alleging that their son developed cancer (medulo-blastoma) 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 allegations, counts and damages demanded in the complaint, as subsequently amended, are virtually identical to those contained in the Finestone lawsuit described above. In January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. Plaintiff's appeal of this matter is pending before the U.S. Court of Appeals for the 11th Circuit.

In 2003, Pedro C. and Emilia Roig brought an action on behalf of themselves and their son, Pedro Anthony Roig, in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida (the state court), which was removed in October 2003 to the U.S. District Court for the Southern District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies and FPL, 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 power plants in southeast Florida. 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. The U.S. District Court remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In 2003, Edward and Janis Shiflett brought an action on behalf of themselves and their son, Phillip Benjamin Shiflett, in the Circuit Court of the 18th Judicial Circuit in and for Brevard County, Florida (the state court), which was removed in January 2004 to the U.S. District Court for the Middle District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, FPL and the Orlando Utilities Commission, alleging that their son has suffered toxic neurological effects from mercury poisoning. The allegations, counts and damages demanded in the complaint with respect to FPL are virtually identical to those contained in the Roig lawsuit described above. FPL's motion to dismiss the complaint was denied. The U.S. District Court subsequently remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until the state court rules on those motions.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (FPL Energy Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. The petition alleges that the FPL Energy Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of energy each year and that the FPL Energy Affiliates failed to meet this obligation. The plaintiff has asserted claims for breach of contract and declaratory judgment and seeks damages which approximate $26 million to $28 million. The FPL Energy Affiliates filed their answer and counterclaim in November 2004, denying the allegations. The counterclaim, as now amended, asserts claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and seeks termination of the contract and damages. At the end of 2005, TXU amended its complaint to add FPL Group, FPL Energy, FPL Group Capital and ESI

Energy, LLC (ESI Energy), as defendants. Motions to dismiss those entities as defendants were filed, and FPL Group, FPL Group Capital and ESI Energy have been dismissed. The case is in discovery and has been reset for trial in April 2007.

In September 2006, Indonesia's state-owned oil company filed an action against Karaha Bodas Company, LLC (KBC), an entity in which FPL Energy owns an equity interest, in the Grand Court of the Cayman Islands for fraud and injunctive relief prohibiting KBC from disposing of, dealing with or diminishing the value of any of KBC's assets up to the value of $316 million, the approximate amount of damages being sought, pending resolution of the fraud claim. FPL Energy's portion of the damages being sought is approximately $142 million. KBC sought and received from a New York federal district court an anti-suit injunction against the plaintiff. The district court entered its order prohibiting the plaintiff from taking any affirmative action on its request for injunction and also prohibiting KBC from distributing the judgment funds (see Subsequent Event below) to its owners until further order by the New York federal district court.

In addition to those legal proceedings discussed above, 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. In addition, generating plants in which FPL Group or FPL have an ownership interest are involved in legal proceedings and claims, the liabilities from which, if any, would be shared by FPL Group or FPL.

FPL Group and FPL believe that they, or their affiliates, have meritorious defenses to all the pending litigation and proceedings discussed above under the heading Litigation and are vigorously defending the lawsuits. While management is unable to predict with certainty the outcome of the legal proceedings and claims discussed or described herein, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of FPL Group or FPL.

Subsequent Event – In October 2006, KBC received approximately $260 million as a result of a court judgment against Indonesia's state-owned oil company to recover KBC's investment in a project suspended indefinitely by the Indonesian government in 1998 and for lost profits. All appeals with respect to the judgment have been exhausted. FPL Energy's portion of the final judgment, or approximately $90 million pretax, will be included in equity in earnings of equity method investees in FPL Group's consolidated statement of income for the fourth quarter of 2006.

11. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a competitive energy business. 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,							
	2006				2005			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 3,513	$ 1,143	$ 38	$ 4,694	$ 2,891	$ 592	$ 21	$ 3,504
Operating expenses	$ 2,948	$ 830	$ 49	$ 3,827	$ 2,340	$ 583	$ 22	$ 2,945
Net income (loss) [b]	$ 328	$ 215	$ (19)	$ 524	$ 311	$ 44	$ (16)	$ 339

	Nine Months Ended September 30,							
	2006				2005			
	FPL	FPL Energy[a]	Corporate & Other	Total	FPL	FPL Energy[a]	Corporate & Other	Total
	(millions)							
Operating revenues	$ 9,096	$ 2,866	$ 125	$ 12,087	$ 7,230	$ 1,384	$ 68	$ 8,682
Operating expenses	$ 7,946	$ 2,218	$ 150	$ 10,314	$ 6,136	$ 1,366	$ 68	$ 7,570
Net income (loss) [b]	$ 632	$ 458	$ (80)	$ 1,010	$ 624	$ 102	$ (47)	$ 679

	September 30, 2006				December 31, 2005			
	FPL	FPL Energy	Corporate & Other	Total	FPL	FPL Energy	Corporate & Other	Total
	(millions)							
Total assets	$ 23,150	$ 11,230	$ 489	$ 34,869	$ 22,726	$ 9,408	$ 870	$ 33,004

[a] FPL Energy's interest charges are based on a deemed capital structure of 50% debt for operating projects and 100% debt for projects under construction. Residual non-utility interest charges are included in Corporate and Other.

[b] See Note 4 for a discussion of FPL Energy's tax benefits related to PTCs recognized based on its tax sharing agreement with FPL Group.

12. 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. Most of FPL Group Capital's debt, including its debentures, and payment guarantees 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,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 1,182	$ 3,512	$ 4,694	$ -	$ 616	$ 2,888	$ 3,504
Operating expenses	(11)	(869)	(2,947)	(3,827)	-	(608)	(2,337)	(2,945)
Interest charges	(5)	(111)	(63)	(179)	(6)	(92)	(52)	(150)
Other income (deductions) – net	524	59	(518)	65	346	88	(351)	83
Income (loss) before income taxes	508	261	(16)	753	340	4	148	492
Income tax expense (benefit)	(16)	66	179	229	1	(30)	182	153
Net income (loss)	$ 524	$ 195	$ (195)	$ 524	$ 339	$ 34	$ (34)	$ 339

	Nine Months Ended September 30,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
Operating revenues	$ -	$ 2,995	$ 9,092	$ 12,087	$ -	$ 1,455	$ 7,227	$ 8,682
Operating expenses	(21)	(2,350)	(7,943)	(10,314)	-	(1,437)	(6,133)	(7,570)
Interest charges	(16)	(314)	(196)	(526)	(19)	(269)	(140)	(428)
Other income (deductions) – net	1,034	128	(1,019)	143	697	211	(684)	224
Income (loss) before income taxes	997	459	(66)	1,390	678	(40)	270	908
Income tax expense (benefit)	(13)	60	333	380	(1)	(111)	341	229
Net income (loss)	$ 1,010	$ 399	$ (399)	$ 1,010	$ 679	$ 71	$ (71)	$ 679

[a] Represents FPL and consolidating adjustments.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

Condensed Consolidating Balance Sheets

	September 30, 2006				December 31, 2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 10,409	$ 25,291	$ 35,700	$ -	$ 8,945	$ 24,406	$ 33,351
Less accumulated depreciation and amortization	-	(1,664)	(9,787)	(11,451)	-	(1,359)	(9,529)	(10,888)
Total property, plant and equipment – net	-	8,745	15,504	24,249	-	7,586	14,877	22,463
CURRENT ASSETS								
Cash and cash equivalents	-	94	65	159	7	467	56	530
Receivables	613	798	451	1,862	5	584	841	1,430
Other	-	695	2,118	2,813	63	518	2,446	3,027
Total current assets	613	1,587	2,634	4,834	75	1,569	3,343	4,987
OTHER ASSETS								
Investment in subsidiaries	9,524	-	(9,524)	-	8,647	-	(8,647)	-
Other	154	1,715	3,917	5,786	140	1,339	4,075	5,554
Total other assets	9,678	1,715	(5,607)	5,786	8,787	1,339	(4,572)	5,554
TOTAL ASSETS	$ 10,291	$ 12,047	$ 12,531	$ 34,869	$ 8,862	$ 10,494	$ 13,648	$ 33,004
CAPITALIZATION								
Common shareholders' equity	$ 9,580	$ 2,155	$ (2,155)	$ 9,580	$ 8,499	$ 1,911	$ (1,911)	$ 8,499
Long-term debt	-	5,418	4,213	9,631	-	4,768	3,271	8,039
Total capitalization	9,580	7,573	2,058	19,211	8,499	6,679	1,360	16,538
CURRENT LIABILITIES								
Debt due within one year	-	1,692	578	2,270	-	1,269	1,294	2,563
Accounts payable	3	298	764	1,065	17	365	863	1,245
Other	466	803	1,559	2,828	85	803	2,571	3,459
Total current liabilities	469	2,793	2,901	6,163	102	2,437	4,728	7,267
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	-	354	1,533	1,887	-	211	1,474	1,685
Accumulated deferred income taxes	(26)	844	2,421	3,239	(5)	464	2,556	3,015
Regulatory liabilities	-	-	2,983	2,983	-	-	2,971	2,971
Other	268	483	635	1,386	266	703	559	1,528
Total other liabilities and deferred credits	242	1,681	7,572	9,495	261	1,378	7,560	9,199
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 10,291	$ 12,047	$ 12,531	$ 34,869	$ 8,862	$ 10,494	$ 13,648	$ 33,004

[a] Represents FPL and consolidating adjustments.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Concluded)
(unaudited)

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30,							
	2006				2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)							
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 186	$ 378	$ 856	$ 1,420	$ 156	$ 291	$ 2,069	$ 2,516
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures of FPL and independent power investments	-	(1,461)	(1,358)	(2,819)	-	(671)	(1,214)	(1,885)
Sale of independent power investments	-	-	-	-	-	16	-	16
Loan repayment and capital distributions from equity method investees	-	-	-	-	-	126	-	126
Funding of secured loan	-	-	-	-	-	(43)	-	(43)
Proceeds from termination of leveraged lease	-	-	-	-	-	43	-	43
Other – net	-	(28)	(59)	(87)	(399)	(29)	306	(122)
Net cash used in investing activities	-	(1,489)	(1,417)	(2,906)	(399)	(558)	(908)	(1,865)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	1,884	938	2,822	-	505	588	1,093
Retirements of long-term debt	-	(1,244)	(135)	(1,379)	-	(695)	-	(695)
Retirements of preferred stock	-	-	-	-	-	-	(5)	(5)
Net change in short-term debt	-	401	(581)	(180)	-	26	(441)	(415)
Proceeds from purchased Corporate Units	210	-	-	210	-	-	-	-
Payments to terminate Corporate Units	(258)	-	-	(258)	-	-	-	-
Issuances of common stock	312	-	-	312	633	-	-	633
Dividends on common stock	(445)	-	-	(445)	(407)	-	-	(407)
Other – net	(12)	(303)	348	33	(4)	450	(424)	22
Net cash provided by (used in) financing activities	(193)	738	570	1,115	222	286	(282)	226
Net increase (decrease) in cash and cash equivalents	(7)	(373)	9	(371)	(21)	19	879	877
Cash and cash equivalents at beginning of period	7	467	56	530	26	134	65	225
Cash and cash equivalents at end of period	$ -	$ 94	$ 65	$ 159	$ 5	$ 153	$ 944	$ 1,102

(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 2005 Form 10-K for FPL Group and FPL. The results of operations for an interim period generally will 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

Presented below is a summary of earnings contributions by reportable segment:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2006	2005	Increase (Decrease)	2006	2005	Increase (Decrease)
			(millions)			
FPL	$ 328	$ 311	$ 17	$ 632	$ 624	$ 8
FPL Energy	215	44	171	458	102	356
Corporate and Other	(19)	(16)	(3)	(80)	(47)	(33)
Total	$ 524	$ 339	$ 185	$ 1,010	$ 679	$ 331

During the three and nine months ended September 30, 2006, FPL Energy recorded after-tax net unrealized mark-to-market gains on non-qualifying hedge activity of approximately $74 million and $77 million, respectively. During the three and nine months ended September 30, 2005, FPL Energy recorded after-tax net unrealized mark-to-market losses on non-qualifying hedge activity of approximately $56 million and $139 million, respectively. Unrealized mark-to-market gains/losses are affected by fluctuations in forward power and fuel prices. As a general rule, a gain (loss) in the non-qualifying hedge category is offset by decreases (increases) in the fair value of physical asset positions in the portfolio or contracts, which are not marked to market under generally accepted accounting principles. In addition, Corporate and Other's results for the three and nine months ended September 30, 2006 reflect after-tax costs related to the termination of the proposed merger between FPL Group and Constellation Energy of approximately $7 million and $13 million, respectively. See Note 5 for information about the terminated merger and Note 11 for segment information.

FPL Group's management uses earnings excluding certain items (adjusted earnings), which were the unrealized mark-to-market effect of non-qualifying hedges and merger-related expenses, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and for FPL Group's employee incentive compensation plans. FPL Group also uses adjusted earnings when communicating its earnings outlook to analysts and investors. FPL Group's management believes adjusted earnings provide a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income in accordance with generally accepted accounting principles, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing.

FPL Group's effective income tax rate for the three and nine months ended September 30, 2006 reflects a $13 million state tax benefit recorded at Corporate and Other in the third quarter of 2006 and certain federal income tax deductions and credits recorded in 2006 by FPL. FPL Group's effective income tax rate for the nine months ended September 30, 2006 also reflects an approximately $7 million deferred tax expense resulting from a change in tax law in Texas. PTCs also affect FPL Group's effective income tax rate depending on the amount of pretax income and wind generation. PTCs are recognized as wind energy is generated and sold based on a per kwh rate prescribed in applicable federal and state statutes, and amounted to approximately $35 million and $116 million for the three and nine months ended September 30, 2006, respectively, and $30 million and $93 million for the comparable periods in 2005. See Note 4.

FPL – FPL's net income for the three months ended September 30, 2006 was $328 million compared to $311 million for the same period in 2005. For the nine months ended September 30, 2006, FPL's net income was $632 million compared to $624 million for the same period in 2005. The increase for the three months ended September 30, 2006 was primarily due to lower depreciation expense and higher AFUDC, partly offset by lower retail base revenues. The increase for the nine months ended September 30, 2006 was primarily due to lower depreciation expense and customer growth partly offset by the storm cost disallowance by the FPSC recorded in the 2006 second quarter, higher operations and maintenance (O&M) and interest expenses and lower AFUDC. In the second quarter of 2006, FPL recorded approximately $8 million of pretax interest income on the 2005 storm restoration costs approved for recovery, as permitted by the FPSC. The disallowed storm costs, net of the interest income, reduced FPL Group's and FPL's net income for the nine months ended September 30, 2006 by approximately $28 million. See Note 7.

FPL's operating revenues consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(millions)			
Retail base	$ 1,076	$ 1,139	$ 2,809	$ 2,830
Fuel cost recovery	1,924	1,278	4,963	3,212
Other cost recovery clauses and pass-through costs	461	417	1,197	1,034
Other, primarily gas, transmission and wholesale sales and customer-related fees	52	57	127	154
Total	$ 3,513	$ 2,891	$ 9,096	$ 7,230

For the three months ended September 30, 2006, customer usage decreased 5.9% primarily due to warmer weather experienced in the prior year and the elasticity effect on customers of higher electricity prices this year reflecting the increase in FPL's retail fuel clause recovery factor as discussed below. This usage decrease, as well as other factors, decreased retail base revenues by approximately $67 million. A 1.8% increase in the average number of retail customer accounts increased retail base revenues by approximately $21 million. In addition, under the 2005 rate agreement, FPL was authorized by the FPSC to collect, through a separate charge on a customer's bill, the portion (approximately 1.5%) of gross receipts taxes that was previously embedded in base rates. This resulted in an approximately $17 million reduction in retail base revenues with a corresponding increase in revenues from other cost recovery clauses and pass-through costs.

Customer usage decreased 1.0% for the nine months ended September 30, 2006 reflecting warmer weather in the prior year as well as a decline due to the elasticity effect on customers of the higher electricity prices experienced this year. This usage decrease, as well as other factors, decreased retail base revenues by approximately $34 million. A 2.0% increase in the average number of retail customer accounts increased retail base revenues by approximately $55 million. The reduction in retail base revenues and the corresponding increase in revenues from other cost recovery clauses and pass-through costs, resulting from the removal of gross receipts taxes from base rates, amounted to approximately $42 million for the nine months ended September 30, 2006.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm cost recoveries, do not significantly affect net income; however, underrecovery or overrecovery of such costs can significantly affect FPL Group's and FPL's operating cash flows. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense, as well as by changes in energy sales. Fluctuations in other cost recovery clauses and pass-through costs revenues are primarily driven by changes in capacity charges, franchise fee costs and storm reserve deficiency amortization, and the impact of changes in O&M and depreciation expense on the underlying cost recovery clause, as well as changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes, respectively, in the condensed consolidated statements of income.

In February 2005, FPL began recovering the 2004 storm restoration cost deficiency from retail customers. For the three months ended September 30, 2006 and 2005, the amount billed to customers related to these storm restoration cost recoveries amounted to approximately $44 million and $56 million, respectively, and is included in other cost recovery clauses and pass-through costs. The corresponding amounts for the nine months ended September 30, 2006 and 2005 were $114 million and $119 million, respectively. The expense for the amortization of the storm reserve deficiency is shown as a separate line on the condensed consolidated statements of income. In May 2006, the FPSC approved the issuance of bonds to recover FPL's unrecovered 2004 and 2005 storm restoration costs, as well as establish a storm and property insurance reserve of $200 million. See Note 7. The decrease in other revenues is primarily due to the FPSC-approved sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital, which also reduced FPL's fuel expenses by approximately $15 million and $42 million for the three and nine months ended September 30, 2006.

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(millions)			
Fuel and energy charges during the period	$ 1,704	$ 1,826	$ 4,383	$ 3,828
Recovery of costs incurred in a prior period	186	35	557	105
Net over (under) recovery of costs during the period	39	(575)	42	(695)
Other, primarily capacity charges net of any capacity deferral	151	174	387	448
Total	$ 2,080	$ 1,460	$ 5,369	$ 3,686

Effective January 2006, FPL's fuel clause recovery factor was increased in response to higher expected fuel prices in 2006, as well as the recovery of a portion of underrecovered fuel costs from 2005. The increase in the fuel factor was the primary contributor to the $592 million decrease in deferred clause and franchise expenses (current and noncurrent, collectively) on FPL Group's and FPL's condensed consolidated balance sheets at September 30, 2006, and positively affected FPL Group's and FPL's cash flows from operations for the nine months ended September 30, 2006. The decrease in fuel and energy charges for the three months ended September 30, 2006 reflects approximately $69 million due to lower energy sales, approximately $38 million attributable to lower prices and approximately $15 million related to the sale of FPL's retail gas business. The increase in fuel and energy charges for the nine months ended September 30, 2006 reflects higher fuel and energy prices of approximately $540 million and approximately $57 million attributable to higher energy sales partly offset by approximately $42 million related to the sale of FPL's retail gas business. The recovery of costs incurred in a prior period for the three and nine months ended September 30, 2006 and 2005 represents the collection of underrecovered fuel costs the FPSC permitted FPL to collect beginning in 2006 and 2005, respectively. The net overrecovery (underrecovery) of costs during the period represents fuel clause collections from customers which were higher (lower) than fuel and energy costs incurred.

FPL's O&M expenses for the three months ended September 30, 2006 were essentially the same as the prior year and for the nine months ended September 30, 2006 increased primarily due to higher distribution costs reflecting implementation of the Storm Secure Plan and higher fleet vehicle costs, as well as increased staffing costs at FPL's nuclear plants. For the nine-month period, this was partially offset by an approximately $11 million reversal in the second quarter of 2006 of previously accrued nuclear outage reserve costs, which is more fully discussed below. Management expects to see a continued upward trend in O&M expenses in 2006 in the areas of transmission, distribution, including costs associated with the Storm Secure Plan, fossil generation and customer service, as well as continued increases in employee benefit costs. See Management's Discussion – Liquidity and Capital Resources – Other for additional discussion of FPL's Storm Secure Plan.

In mid-June 2006, St. Lucie Unit No. 2 completed its scheduled refueling outage, which included the inspection of its reactor vessel head for cracks and corrosion. No cracking was detected and no repairs to the reactor vessel head were made during this outage. FPL intends to replace the reactor vessel head at St. Lucie Unit No. 2 during its fall 2007 scheduled refueling outage and has replaced within the last two years the reactor vessel heads at FPL's other three nuclear units. The estimated cost of performing inspections and any necessary repairs to St. Lucie Unit No. 2's and the other units' reactor vessel head(s) until replacement is being recognized as expense on a levelized basis over a five-year period that began in 2002, as authorized by the FPSC, and amounted to a credit of approximately $1 million and an expense of approximately $6 million for the three months ended September 30, 2006 and 2005, respectively, and an expense of approximately $2 million and $9 million for the nine months ended September 30, 2006 and 2005, respectively. As of September 30, 2006, there is a credit of approximately $1 million remaining to be amortized through December 31, 2006 for the reactor vessel head inspection costs, resulting primarily from a true-up of the St. Lucie Unit No. 2 inspection costs since no repairs were required. As of September 30, 2006, FPL's portion of the estimated remaining cost to replace St. Lucie Unit No. 2's reactor vessel head, including AFUDC, is approximately $47 million and is included in FPL's estimated capital expenditures. See Note 10 – Commitments.

FPL intends to replace, along with the reactor vessel head, St. Lucie Unit No. 2's steam generators during its fall 2007 scheduled refueling outage. Currently, 23.0% and 27.8% of the tubes in the two steam generators have been plugged in order to prevent the tubes from leaking during plant operations. It had been anticipated that during the spring 2006 outage, the 30% per steam generator tube plugging limit previously approved by the U. S. Nuclear Regulatory Commission (NRC) could have been exceeded and a more expensive sleeving process would have been required. However, sleeving was not required during this outage and, accordingly, FPL reversed in the second quarter of 2006 a portion (approximately $11 million pretax) of previously accrued nuclear outage reserve costs. As of September 30, 2006, FPL's portion of the remaining cost to replace St. Lucie Unit No. 2's steam generators, including AFUDC, is approximately $144 million and is included in FPL's estimated capital expenditures. See Note 10 – Commitments.

Depreciation and amortization expense for the three and nine months ended September 30, 2006 decreased $49 million and $119 million, respectively, benefiting from lower depreciation rates and the elimination of the decommissioning accrual approved as part of the 2005 rate agreement. This reduction in rates applied to substantially all power plant assets including Turkey Point Units Nos. 3 and 4 and St. Lucie Units Nos. 1 and 2, which have received 20-year license extensions. This was partially offset by FPL's continued investment in transmission and distribution expansion to support customer growth and demand. For the nine months ended September 30, 2006, the benefit from the lower depreciation rates was also partially offset by increased depreciation from the addition of two new generating units at FPL's existing Martin and Manatee power plant sites, which became operational on June 30, 2005, and increased nuclear depreciation related to plant additions. FPL expects to place an additional approximately 1,150 mw generating unit into service at its Turkey Point site by mid-2007.

Taxes other than income taxes for the three and nine months ended September 30, 2006 increased primarily due to higher franchise fee and revenue taxes, which are pass-through costs, as a result of increases in fuel and other cost recovery clause revenues.

Interest charges increased for the three and nine months ended September 30, 2006 primarily due to higher average debt balances used to fund increased investment in generation, transmission and distribution expansion, and to pay for unrecovered fuel and storm restoration costs. For the three months ended September 30, 2006, the increase in AFUDC is primarily due to AFUDC recorded on the 1,150 mw Turkey Point site expected to be in service in mid-2007. The decline in AFUDC for the nine

months ended September 30, 2006 is primarily attributable to the placement of the additional Martin and Manatee units in service on June 30, 2005 partially offset by increased AFUDC on the 1,150 mw Turkey Point site.

The increase in other – net for the three and nine months ended September 30, 2006 was primarily due to additional interest recorded on storm restoration costs which have yet to be recovered.

FPL's effective income tax rates for the three months and nine months ended September 30, 2006 were below the prior year periods primarily due to certain federal income tax deductions and credits recorded this year.

FPL Energy – FPL Energy's net income for the three months ended September 30, 2006 and 2005 was $215 million and $44 million, respectively. FPL Energy's net income for the nine months ended September 30, 2006 and 2005 was $458 million and $102 million, respectively. The primary drivers, on an after-tax basis, of these increases were as follows:

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006
	(millions)	
New investment [a]	$ 27	$ 75
Existing assets [a]	10	86
Asset optimization and trading	13	21
Restructuring activities	-	(17)
Interest expense and other	(9)	(25)
Change in unrealized mark-to-market non-qualifying hedge activity [b]	130	216
Total increase	$ 171	$ 356

[a] Does not include allocation of interest expense or corporate general and administrative expenses. Does include PTCs on wind projects. See Note 4.
[b] For discussion of derivative instruments, see Note 3.

The increase in FPL Energy's results from new investment reflects the addition of over 1,345 mw of wind and nuclear generation during or after the three months ended September 30, 2005 and over 1,675 mw of nuclear, wind and solar generation during or after the nine months ended September 30, 2005. The existing portfolio in the three month period ended September 30, 2006 benefited from improved market conditions in the New England Power Pool (NEPOOL), PJM Interconnection, L.L.C. (PJM) and Western Electric Coordinating Council (WECC) regions while the nine month period benefited from improved market conditions in the NEPOOL, Electric Reliability Council of Texas (ERCOT) and PJM regions. In addition, for the three months ended September 30, 2006, the existing portfolio experienced a lower wind resource while results for the nine months ended September 30, 2006 benefited from a higher wind resource. FPL Energy also recognized increased gains in both periods from its asset optimization and trading activities, including load following services (which require the supplier of energy to vary the quantity delivered based on the load demand needs of the customer). Restructuring activities in the nine month period ended September 30, 2006 reflect the absence of gains recorded in 2005 from asset sales and from a contract restructuring. Interest expense and other includes higher interest expense due to higher debt balances as a result of growth in the business as well as an increase in average interest rates of approximately 35 basis points and 49 basis points for the three and nine months ended September 30, 2006, respectively. During the three and nine months ended September 30, 2006, FPL Energy recorded approximately $74 million and $77 million, respectively, of after-tax net unrealized mark-to-market gains on non-qualifying hedge activity compared to after-tax net losses of approximately $56 million and $139 million in the same periods in 2005.

FPL Energy's operating revenues for the three and nine months ended September 30, 2006 increased $551 million and $1,482 million, respectively. The three-month period benefited primarily from gains on unrealized mark-to-market non-qualifying hedge activity in 2006 as compared to losses in the 2005 period, project additions and favorable market conditions in the NEPOOL, PJM and WECC regions. The nine month period benefited primarily from gains on unrealized mark-to-market non-qualifying hedge activity in 2006 as compared to losses in the 2005 period, favorable market conditions in the NEPOOL, ERCOT and PJM regions, project additions and the absence of a refueling outage at Seabrook. In addition, a lower wind resource reduced operating revenues during the three months ended September 30, 2006 while a higher wind resource increased operating revenues during the nine months ended September 30, 2006. Also, operating revenues in the third quarter of 2006 include approximately $11 million related to the settlement of certain operational performance issues with wind turbine equipment suppliers. FPL Energy's operating expenses for the three and nine months ended September 30, 2006 increased $247 million and $852 million, respectively, primarily due to unrealized mark-to-market non-qualifying hedge losses in 2006 compared to gains in 2005, project additions and, for the nine months ended September 30, 2006, increased fuel costs as a result of market conditions. During the three months ended September 30, 2006, the increase in operating expenses from the factors discussed above was partially offset by lower fuel costs as a result of market conditions.

The $17 million and $22 million decrease in equity in earnings of equity method investees for the three and nine months ended September 30, 2006 is primarily due to unrealized mark-to-market losses from non-qualifying hedge activity in 2006 compared to gains in 2005, partially offset, for the nine months ended September 30, 2006, by the receipt in the second quarter of 2006 of a portion of funds from a judgment relating to a development project that was suspended indefinitely by the Indonesian government in 1998. For the nine-month period, the favorable effect on operating results from a prior contract restructuring was offset by the absence of an approximately $13 million gain on a contract restructuring recorded in 2005. In October 2006,

FPL Energy recorded approximately $90 million pretax of equity in earnings of equity method investees as a result of a court judgment to recover its investment and lost profits in the Indonesian development project. See Note 10 – Subsequent Event.

FPL Energy's interest expense for the three and nine months ended September 30, 2006 increased $13 million and $32 million, respectively, reflecting higher average debt balances to support growth in the business and an increase in average interest rates. Gains on disposal of equity method investees and leveraged leases – net in FPL Group's condensed consolidated statements of income for the nine months ended September 30, 2005 includes pretax gains on the sale of joint venture projects; other – net includes a benefit associated with obtaining an additional partnership interest in a coal plant in California. PTCs from FPL Energy's wind projects are reflected in FPL Energy's earnings. PTCs are recognized as wind energy is generated and sold based on a per kwh rate prescribed in applicable federal and state statutes, and amounted to approximately $35 million and $116 million for the three and nine months ended September 30, 2006, respectively, and $30 million and $93 million for the comparable periods in 2005.

In January 2006, FPL Energy completed the acquisition of a 70% interest, or approximately 415 mw, in Duane Arnold, a nuclear power plant located near Cedar Rapids, Iowa, from Interstate Power and Light Company (IP&L). FPL Energy purchased the 70% interest, including nuclear fuel, inventory and other items, for a net purchase price of approximately $350 million. FPL Energy is selling its share of the output of Duane Arnold to IP&L at a price of approximately $46 per megawatt-hour (mwh) in 2006, escalating annually to approximately $61 per mwh in 2013, under a long-term contract expiring in 2014. FPL Energy is responsible for management and operation of the plant, as well as for the ultimate decommissioning of the facility, the cost of which will be shared on a pro-rata basis by the joint owners. FPL Energy received approximately $188 million of decommissioning funds at closing which is included in nuclear decommissioning reserve funds on FPL Group's condensed consolidated balance sheet at September 30, 2006. FPL Energy expects to file for a license extension for the plant in 2009, which, if approved, will enable the plant to continue to operate for an additional 20 years beyond its current license expiration of 2014.

FPL Energy expects its future portfolio capacity growth to come primarily from wind development benefiting from the extension of the production tax credit program through 2007 for new wind facilities, as well as from asset acquisitions. In addition to the acquisition of Duane Arnold discussed above, in 2006 FPL Energy purchased additional ownership interests, or approximately 47 mw, in wind projects in California and Minnesota and, through the third quarter of 2006, began commercial operation of a total of approximately 623 mw of wind projects in Texas and North Dakota. FPL Energy has approximately 760 mw of new wind development projects that have either been completed or are expected to reach commercial operation by the end of 2006. FPL Energy expects to add a total of at least 1,500 mw of new wind generation in 2006 and 2007.

In March 2006, a settlement agreement was submitted to the FERC that would establish a new forward capacity market (FCM) in the NEPOOL region. The parties to the settlement agreement include wholesale power generators in New England, including FPL Energy, and four of the six New England states. Under the FCM proposal, capacity payments to generators would be established competitively through an annual auction, the first of which would be conducted in the first quarter of 2008 to purchase capacity for the twelve months starting June 1, 2010. The settlement agreement also provides for a transition period starting December 1, 2006 through May 31, 2010, during which capacity suppliers would receive fixed capacity payments, subject to penalties for forced outages during peak demand periods. In June 2006, the FERC approved the settlement agreement. The settlement agreement, as approved by the FERC, is expected to result in increased gross margins for FPL Energy's assets in the NEPOOL region during the transition period.

Corporate and Other – Corporate and Other is primarily comprised of interest expense, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates interest charges to FPL Energy based on a deemed capital structure at FPL Energy of 50% debt for operating projects and 100% debt for projects under construction. Corporate and Other's net loss for the three and nine months ended September 30, 2006 was $19 million and $80 million, respectively, compared to a net loss of $16 million and $47 million for the comparable periods in 2005. Results for the three and nine months ended September 30, 2006 reflect approximately $7 million and $13 million, respectively, of after-tax costs associated with the termination of the proposed merger between FPL Group and Constellation Energy. See Note 5. In the third quarter of 2006, FPL Group recorded approximately $13 million of state tax benefits reflecting FPL Energy's growth throughout the United States and, in the nine months ended September 30, 2006, FPL Group recorded an approximately $7 million deferred tax expense resulting from a modification of the Texas franchise tax enacted in May 2006. Results for the three and nine months ended September 30, 2005 include gains of approximately $4 million ($2 million after-tax) and $10 million ($5 million after-tax), respectively, from the sale and termination of leveraged lease agreements, which are included in gains on disposal of equity method investees and leveraged leases – net in FPL Group's condensed consolidated statements of income. Corporate and Other's interest income declined for both the three and nine months ended September 30, 2006 reflecting the repayment of a secured third party loan in the fourth quarter of 2005. The increase in operating revenues and operating expenses at Corporate and Other is primarily due to the sale, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital.

Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for working capital, capital expenditures and investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem outstanding debt and/or repurchase common stock. 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, FPL's and FPL Group Capital's ability to obtain short- and long-term financing, the cost of such financing and the execution of their respective financing strategies.

Cash Flow – The changes in cash and cash equivalents are summarized as follows:

	FPL Group		FPL	
	Nine Months Ended September 30,			
	2006	2005	2006	2005
	(millions)			
Net cash provided by operating activities	$ 1,420	$ 2,516	$ 1,193	$ 2,232
Net cash used in investing activities	(2,906)	(1,865)	(1,405)	(1,313)
Net cash provided by (used in) financing activities	1,115	226	221	(39)
Net increase (decrease) in cash and cash equivalents	$ (371)	$ 877	$ 9	$ 880

FPL Group's cash flows for the nine months ended September 30, 2006 benefited from net issuances of debt, the issuance of common stock and the recovery from customers of previously incurred fuel and storm costs at FPL, which were offset by an increase in FPL's customer receivables and the return of cash collateral (margin cash deposits) primarily to FPL counterparties. The funds generated were used to pay for capital expenditures at FPL, additional investments at FPL Energy, common stock dividends, storm-related costs at FPL and to carry an increase in fossil fuel inventory.

FPL Group's cash flows from operating activities for the nine months ended September 30, 2006 reflect the recovery by FPL of fuel and storm costs deferred in prior years as a result of an increase in the fuel clause recovery factor effective January 2006 and the implementation of a storm damage surcharge applied to retail customer bills that began February 2005. The recovery of these deferred costs was offset by storm-related payments at FPL, an increase in customer receivables at FPL reflecting the higher fuel factor and a seasonal increase in customer usage, the return of margin cash deposits primarily to FPL's counterparties due to declining energy contract prices and an increase in fossil fuel inventory. The increase in fossil fuel inventory is primarily due to the accumulation of oil inventory at FPL reflecting the burning of more natural gas due to relatively lower natural gas prices and the addition, at an FPL Energy plant, of oil and gas inventory which was purchased pursuant to the termination of a fuel management contract.

FPL Group's cash flows from operating activities for the nine months ended September 30, 2005 reflect the receipt of cash collateral primarily from FPL's counterparties related to energy contracts (margin cash deposits), underrecovered fuel costs at FPL caused primarily by higher than anticipated fuel costs, the payment of 2004 and 2005 storm restoration costs and recoveries from customers of a portion of the 2004 storm restoration costs.

FPL Group's cash flows from investing activities for the nine months ended September 30, 2006 reflect capital investments of approximately $1,303 million by FPL to meet customer demand and costs associated with its Storm Secure Plan and independent power investments at FPL Energy of approximately $1,375 million, including the purchase of Duane Arnold. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds as a result of the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity within the funds. FPL suspended nuclear decommissioning fund contributions of approximately $79 million annually, beginning in September 2005, pursuant to the terms of the 2005 rate agreement.

FPL Group's cash flows from investing activities for the nine months ended September 30, 2005 reflect capital investments of approximately $1,148 million by FPL to meet customer demand and investments at FPL Energy of approximately $668 million. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds as a result of the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity within the funds.

During the nine months ended September 30, 2006, FPL Group generated proceeds of approximately $3.2 billion from financing activities, including the issuance of $700 million in FPL first mortgage bonds, the borrowing of $250 million by FPL under a five-year term loan facility, the borrowing of $400 million by FPL Group Capital under three separate two-year term loan facilities, the issuance of $600 million in debentures and $700 million in enhanced junior subordinated debentures by FPL Group Capital, the issuance of $206 million of limited-recourse senior secured notes by FPL Energy subsidiaries, approximately $296 million from the issuance of FPL Group common stock related to its 8% Corporate Units and approximately $16 million related to the exercise of stock options. During the nine months ended September 30, 2006, FPL Group used proceeds of approximately $2.1 billion for financing activities, including approximately $1.1 billion for maturing FPL Group Capital debentures, approximately $135 million for maturing senior secured notes of a consolidated variable interest entity that leases nuclear fuel to FPL, a net decrease in short-term debt of approximately $180 million ($581 million decrease at FPL), approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units, approximately $445 million for the payment of dividends on its common stock and approximately $144 million for principal payments on FPL Energy debt.

During the nine months ended September 30, 2005, FPL Group generated proceeds of approximately $1.8 billion from financing activities and redeemed, had mature or made principal payments on debt and preferred stock totaling approximately $700 million. The proceeds from financing activities included approximately $575 million from the sale of FPL Group common stock related to the Corporate Units issued in February 2002, the issuance of $600 million in first mortgage bonds at FPL,

approximately $516 million from both the issuance of limited-recourse senior secured bonds and draws on a construction revolver by FPL Energy subsidiaries, and the issuance of approximately $59 million in common stock by FPL Group related to the exercise of stock options and warrants. Redemptions, maturities and principal payments during the nine months ended September 30, 2005 included the redemption of FPL preferred stock, a redemption of approximately $5 million in 7.35% bonds at FPL Group Capital, maturity of $600 million in debentures at FPL Group Capital and principal payments of approximately $90 million at FPL Energy. During the nine months ended September 30, 2005, an FPL Energy subsidiary also entered into an interest rate swap agreement.

The following provides various metrics regarding FPL Group's (including FPL's) and FPL's outstanding debt:

	FPL Group		FPL	
	September 30, 2006	December 31, 2005	September 30, 2006	December 31, 2005
Weighted-average annual interest rate [a]	6.1%	5.9%	5.3%	5.2%
Weighted-average life (years)	13.5	9.3	18.3	15.1
Annual average of floating rate debt to total debt [a]	40%	35%	43%	40%

[a] Calculations include interest rate swaps.

Contractual Obligations and Planned Capital Expenditures – FPL Group's commitments at September 30, 2006 were as follows:

	2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Long-term debt, including interest: [a]							
FPL	$ 64	$ 225	$ 661	$ 418	$ 186	$ 7,482	$ 9,036
FPL Energy	49	719	572	231	224	1,586	3,381
Corporate and Other	57	1,295	1,067	745	97	4,774	8,035
Purchase obligations:							
FPL [b]	1,275	3,965	2,900	3,120	2,750	7,070	21,080
FPL Energy [c]	380	629	61	61	60	783	1,974
Corporate and Other	30	-	-	-	-	-	30
Asset retirement activities: [d]							
FPL [e]	-	-	-	-	-	11,571	11,571
FPL Energy [f]	-	-	-	-	-	2,919	2,919
Total	$ 1,855	$ 6,833	$ 5,261	$ 4,575	$ 3,317	$ 36,185	$ 58,026

[a] Includes principal, interest and interest rate swaps. Variable rate interest was computed using September 30, 2006 rates.

[b] Represents required capacity and minimum payments under long-term purchased power and fuel contracts, the majority of which are recoverable through various cost recovery clauses (see Note 10 – Contracts), and projected capital expenditures through 2010 to meet, among other things, increased electricity usage and customer growth, capital improvements to and maintenance of existing facilities and estimated capital costs associated with FPL's Storm Secure Plan. Estimated capital costs associated with FPL's Storm Secure Plan are subject to change over time based on productivity enhancements and prioritization (see Note 10 – Commitments).

[c] Represents firm commitments primarily in connection with the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. See Note 10 – Commitments and Contracts.

[d] Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

[e] At September 30, 2006, FPL had approximately $2,187 million in restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in FPL Group's and FPL's nuclear decommissioning reserve funds.

[f] At September 30, 2006, FPL Energy's 88.23% portion of Seabrook's and 70% portion of Duane Arnold's restricted trust funds for the payment of future expenditures to decommission Seabrook and Duane Arnold totaled approximately $534 million and are included in FPL Group's nuclear decommissioning reserve funds.

Guarantees and Letters of Credit – FPL Group and FPL obtain letters of credit and issue guarantees to facilitate commercial transactions with third parties and financings. At September 30, 2006, FPL Group had standby letters of credit of approximately $759 million ($206 million for FPL) and approximately $6,154 million notional amount of guarantees ($356 million for FPL), of which approximately $5,152 million ($532 million for FPL) have expirations within the next five years. Approximately $406 million of the standby letters of credit at September 30, 2006 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity below. These letters of credit and guarantees support the buying and selling of wholesale energy commodities, debt-related reserves, nuclear decommissioning activities and other contractual agreements. FPL Group and FPL believe it is unlikely that they would be required to perform or otherwise incur any liabilities associated with these letters of credit and guarantees. At September 30, 2006, FPL Group and FPL did not have any liabilities recorded for these letters of credit and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of its debt, including all of its debentures and commercial paper issuances, as well as most of its payment guarantees, and FPL Group Capital has guaranteed certain debt and other obligations of FPL Energy and its subsidiaries. See Note 10 – Commitments.

In addition to the 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 that expires in 2027. Under this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated

damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Available Liquidity – At September 30, 2006, FPL Group's available net liquidity was approximately $4.3 billion and FPL's was approximately $1.9 billion. The components of each company's net available liquidity at September 30, 2006 are shown in the table below.

	FPL	FPL Group Capital	Corporate and Other	FPL Group	Maturity Date FPL	Maturity Date FPL Group Capital
		(in millions)				
Bank revolving lines of credit [a]	$ 2,000 [b]	$ 2,500	$ -	$ 4,500 [b]	November 2010	November 2010
Less letters of credit	190	216		406		
	1,810	2,284	-	4,094		
Revolving term loan facility	250	-	-	250	May 2011	
Less borrowings	250	-	-	250	May 2008	
	-	-	-	-		
Cash and cash equivalents	65	94	-	159		
Net available liquidity	$ 1,875	$ 2,378	$ -	$ 4,253		

[a] Provide for the issuance of letters of credit up to $4.5 billion and are available to support the companies' commercial paper programs and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss), as well as for general corporate purposes.

[b] Excludes $300 million in senior secured revolving credit facilities of an entity consolidated by FPL under FIN 46(R) (the VIE) that leases nuclear fuel to FPL which credit facilities are available only to the VIE.

FPL Group (which guarantees the payment of FPL Group Capital's credit facilities pursuant to a 1998 guarantee agreement) is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL Group Capital's credit facility. FPL is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL's credit facility. At September 30, 2006, each of FPL Group and FPL was in compliance with its respective ratio.

Also, FPL Group Capital and FPL have each established an uncommitted credit facility with a bank to be used for general corporate purposes. The bank may at its discretion, upon the request of FPL Group Capital or FPL, make a short-term loan or loans to FPL Group Capital or FPL in an aggregate amount determined by the bank, which is subject to change at any time. The terms of the specific borrowings under the uncommitted credit facilities, including maturity, are set at the time borrowing requests are made by FPL Group Capital or FPL. At September 30, 2006, there were no amounts outstanding for either FPL Group Capital or FPL under the uncommitted credit facilities.

During the second quarter of 2006, FPL entered into a $250 million revolving five-year term loan facility, which is included in the table above, and FPL Group Capital entered into three separate two-year term loan facilities aggregating $400 million and each expiring in June 2008. Both FPL and FPL Group Capital borrowed the full amount under the term loan facilities during the second quarter of 2006. Under the terms of the term loan facilities, each of FPL and FPL Group is required to maintain a minimum ratio of funded debt to total capitalization. At September 30, 2006, each of FPL and FPL Group was in compliance with its respective ratio. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees the payment of FPL Group Capital's term loans.

In addition to the bank lines of credit discussed above, the consolidated VIE that leases nuclear fuel to FPL has established a $100 million senior secured revolving credit facility, which expires in June 2009, and a $200 million senior secured revolving credit facility, which expires in May 2007. Both credit facilities provide backup support for the VIE's commercial paper program. FPL has provided an unconditional guarantee of the payment obligations of the VIE under the credit facilities, which is included in the guarantee discussion under Guarantees and Letters of Credit above. At September 30, 2006, the VIE had no outstanding borrowings under the revolving credit facilities and had approximately $192 million of commercial paper outstanding.

Shelf Registration – On September 5, 2006, FPL Group, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement for an unspecified amount of securities with the Securities and Exchange Commission (SEC). The amount of securities issuable by the companies is established from time to time by their respective board of directors. Securities that may be issued under the registration statement, which became effective upon filing, include, depending on the registrant, senior debt securities, subordinated debt securities, first mortgage bonds, preferred trust securities and guarantees related to certain of those securities. As of September 30, 2006, FPL Group and FPL Group Capital had $700 million (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had $700 million of board-authorized available capacity.

Replacement Capital Covenant – On September 19, 2006, FPL Group and FPL Group Capital executed a replacement capital covenant (RCC) in connection with FPL Group Capital's offering of $350 million principal amount of Series A Enhanced Junior

Subordinated Debentures due 2066 and $350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (collectively, enhanced junior subordinated debentures). The RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of FPL Group Capital (other than the enhanced junior subordinated debentures) or, in certain cases, of FPL Group. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the RCC. The RCC provides that FPL Group Capital may redeem, and FPL Group or FPL Group Capital may purchase, any enhanced junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price exceeds a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the enhanced junior subordinated debentures at the time of redemption or purchase, which are sold within 180 days prior to the date of the redemption or repurchase of the enhanced junior subordinated debentures.

Credit Ratings – Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch). At November 2, 2006, Moody's, S&P and Fitch had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's [a]	S&P [a]	Fitch [a]
FPL Group: [b]			
Corporate credit rating	A2	A	A
FPL: [b]			
Corporate credit rating	A1	A/A-1	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	Aa3/VMIG-1	A	A+
Commercial paper	P-1	A-1	F-1
FPL Group Capital: [b]			
Corporate credit rating	N/A	A/A-1	A
Debentures	A2	A-	A
Junior Subordinated Debentures	A3	BBB+	A-
Commercial paper	P-1	A-1	F-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.
[b] The outlook indicated by each of Moody's, S&P and Fitch is stable.

Other – FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004, which did major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At September 30, 2006, FPL's storm reserve deficiency totaled approximately $940 million. In May 2006, the FPSC approved the issuance of approximately $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency at July 31, 2006, or approximately $934 million, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs will continue to be recovered through a previously approved storm damage surcharge until the bonds are issued. FPL is working with the FPSC staff and its financial advisors to complete the issuance of the bonds. See Note 7.

In January 2006, FPL introduced an initiative to enhance its electrical grid as a result of heightened hurricane activity and in response to concerns express by the community, state leaders and regulators. The estimated capital expenditures of this initiative, as well as the FPSC's approved storm preparedness plan (collectively, Storm Secure Plan) for the remainder of 2006 through 2010 are included in FPL's projected capital expenditures under Contractual Obligations and Planned Capital Expenditures above, and are subject to change over time based on productivity enhancements and prioritization. See Note 10 – Commitments. See Management's Discussion – Results of Operations for further discussion regarding the impact of Storm Secure Plan costs on O&M expense.

New Accounting Rules and Interpretations

For a discussion of new accounting rules and interpretations, see Note 1.

Accumulated Other Comprehensive Income (Loss)

FPL Group's total other comprehensive income (loss) activity is as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Nine Months Ended September 30,					
	2006			2005		
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total
	(millions)					
Balances at December 31 of prior year	$ (215)	$ 22	$ (193)	$ (67)	$ 21	$ (46)
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of $98 tax expense and $138 tax benefit, respectively)	143	-	143	(203)	-	(203)
Reclassification from OCI to net income (net of $19 and $21 tax expense, respectively)	28	-	28	31	-	31
Net unrealized gains (losses) on interest rate cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of $0.6 tax benefit and $2 tax expense, respectively)	(1)	-	(1)	3	-	3
Reclassification from OCI to net income (net of $1 and $1 tax expense, respectively)	2	-	2	2	-	2
Net unrealized gains (losses) on available for sale securities (net of $6 tax expense and $2 tax benefit, respectively)	-	10	10	-	(3)	(3)
SERP liability adjustment *(net of $0.5 and $1 tax expense, respectively)*	-	1	1	-	3	3
Balances at September 30	$ (43)	$ 33	$ (10)	$ (234)	$ 21	$ (213)

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 and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as to optimize the value of power generation assets. To a lesser extent, FPL Group and FPL engage in limited energy trading activities to take advantage of expected future favorable price movements.

Derivative instruments, when required to be marked to market under FAS 133, as amended, are recorded on FPL Group's and FPL's condensed consolidated balance sheets as either an asset or liability 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 or the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's condensed consolidated statements of income unless hedge accounting is applied. See Note 3.

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three and nine months ended September 30, 2006 were as follows:

		Hedges on Owned Assets			
	Trading	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
		(millions)			
Three months ended September 30, 2006					
Fair value of contracts outstanding at June 30, 2006	$ 4	$ (157)	$ (245)	$ (248)	$ (646)
Reclassification to realized at settlement of contracts	3	44	13	210	270
Effective portion of changes in fair value recorded in OCI	-	-	147	-	147
Ineffective portion of changes in fair value recorded in earnings	-	12	-	-	12
Changes in fair value excluding reclassification to realized	(6)	62	-	(839)	(783)
Fair value of contracts outstanding at September 30, 2006	1	(39)	(85)	(877)	(1,000)
Net option premium payments (receipts)	(1)	16	-	159	174
Total mark-to-market energy contract net assets (liabilities) at September 30, 2006	$ -	$ (23)	$ (85)	$ (718)	$ (826)

	Trading	Hedges on Owned Assets: Non-Qualifying	Hedges on Owned Assets: OCI	Hedges on Owned Assets: FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Nine months ended September 30, 2006					
Fair value of contracts outstanding at December 31, 2005	$ 2	$ (176)	$ (373)	$ 757	$ 210
Reclassification to realized at settlement of contracts	18	80	46	64	208
Effective portion of changes in fair value recorded in OCI	-	-	242	-	242
Ineffective portion of changes in fair value recorded in earnings	-	23	-	-	23
Changes in fair value excluding reclassification to realized	(19)	34	-	(1,698)	(1,683)
Fair value of contracts outstanding at September 30, 2006	1	(39)	(85)	(877)	(1,000)
Net option premium payments (receipts)	(1)	16	-	159	174
Total mark-to-market energy contract net assets (liabilities) at September 30, 2006	$ -	$ (23)	$ (85)	$ (718)	$ (826)

FPL Group's total mark-to-market energy contract net assets (liabilities) at September 30, 2006 shown above are included in the condensed consolidated balance sheet as follows:

	September 30, 2006
	(millions)
Current derivative assets	$ 274
Other assets	152
Current derivative liabilities	(1,033)
Other liabilities	(219)
FPL Group's total mark-to-market energy contract net assets (liabilities)	$ (826)

The sources of fair value estimates and maturity of energy contract derivative instruments at September 30, 2006 were as follows:

	Maturity: 2006	2007	2008	2009	2010	Thereafter	Total
				(millions)			
Trading:							
Actively quoted (i.e., exchange trade) prices	$ (2)	$ 5	$ 7	$ -	$ -	$ -	$ 10
Prices provided by other external sources	(58)	(67)	(6)	-	-	1	(130)
Modeled	64	57	-	-	-	-	121
Total	4	(5)	1	-	-	1	1
Owned Assets – Non-Qualifying:							
Actively quoted (i.e., exchange trade) prices	(77)	(144)	(19)	3	(4)	(6)	(247)
Prices provided by other external sources	51	134	12	(1)	1	(18)	179
Modeled	14	16	4	-	(3)	(2)	29
Total	(12)	6	(3)	2	(6)	(26)	(39)
Owned Assets – OCI:							
Actively quoted (i.e., exchange trade) prices	(1)	-	-	-	-	-	(1)
Prices provided by other external sources	(7)	(74)	(12)	10	8	2	(73)
Modeled	(1)	(5)	(5)	-	-	-	(11)
Total	(9)	(79)	(17)	10	8	2	(85)
Owned Assets – FPL Cost Recovery Clauses:							
Actively quoted (i.e., exchange trade) prices	(246)	(489)	-	-	-	-	(735)
Prices provided by other external sources	(29)	(120)	-	-	-	-	(149)
Modeled	4	3	-	-	-	-	7
Total	(271)	(606)	-	-	-	-	(877)
Total sources of fair value	$ (288)	$ (684)	$ (19)	$ 12	$ 2	$ (23)	$ (1,000)

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three and nine months ended September 30, 2005 were as follows:

	Trading	Hedges on Owned Assets: Non-Qualifying	Hedges on Owned Assets: OCI	Hedges on Owned Assets: FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Three months ended September 30, 2005					
Fair value of contracts outstanding at June 30, 2005	$ 2	$ (94)	$ (221)	$ 218	$ (95)
Reclassification to realized at settlement of contracts	1	24	25	(156)	(106)
Effective portion of changes in fair value recorded in OCI	-	-	(204)	-	(204)
Ineffective portion of changes in fair value recorded in earnings	-	(15)	-	-	(15)
Changes in fair value excluding reclassification to realized	-	(141)	-	1,496	1,355
Fair value of contracts outstanding at September 30, 2005	3	(226)	(400)	1,558	935
Net option premium payments (receipts)	-	(6)	-	23	17
Total mark-to-market energy contract net assets (liabilities) at September 30, 2005	$ 3	$ (232)	$ (400)	$ 1,581	$ 952

	Trading	Hedges on Owned Assets: Non-Qualifying	Hedges on Owned Assets: OCI	Hedges on Owned Assets: FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Nine months ended September 30, 2005					
Fair value of contracts outstanding at December 31, 2004	$ 4	$ (10)	$ (109)	$ (9)	$ (124)
Reclassification to realized at settlement of contracts	(3)	(3)	49	(189)	(146)
Acquisition of Gexa contracts	-	38	-	-	38
Effective portion of changes in fair value recorded in OCI	-	-	(340)	-	(340)
Ineffective portion of changes in fair value recorded in earnings	-	(25)	-	-	(25)
Changes in fair value excluding reclassification to realized	2	(226)	-	1,756	1,532
Fair value of contracts outstanding at September 30, 2005	3	(226)	(400)	1,558	935
Net option premium payments (receipts)	-	(6)	-	23	17
Total mark-to-market energy contract net assets (liabilities) at September 30, 2005	$ 3	$ (232)	$ (400)	$ 1,581	$ 952

Market Risk Sensitivity – Financial instruments and positions affecting the financial statements of FPL Group and FPL described below are held primarily 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 and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. FPL Group manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees. Credit risk is also managed through the use of master netting agreements. FPL Group's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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 nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of September 30, 2006 and December 31, 2005, the VaR figures were as follows:

	Trading: FPL	Trading: FPL Energy	Trading: FPL Group	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL Energy	Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]: FPL Group	Total: FPL	Total: FPL Energy	Total: FPL Group
					(millions)				
December 31, 2005	$ -	$ 1	$ 1	$ 114	$ 38	$ 98	$ 114	$ 39	$ 98
September 30, 2006	$ -	$ 2	$ 2	$ 114	$ 53	$ 84	$ 114	$ 50	$ 83
Average for the period ended September 30, 2006	$ -	$ 2	$ 2	$ 113	$ 50	$ 83	$ 113	$ 49	$ 84

[a] Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are not marked to market. The VaR figures for the non-qualifying hedges and hedges in OCI and FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest rate risk – FPL Group and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in nuclear decommissioning reserve funds and interest rate swaps. FPL Group and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate swaps and adjusting their variable rate debt in relation to total capitalization.

The following are estimates of the fair value of FPL Group's and FPL's financial instruments:

	September 30, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
FPL Group:				
Long-term debt, including current maturities	$ 10,922	$ 10,994[a]	$ 9,443	$ 9,540[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,428	$ 1,428[b]	$ 1,290	$ 1,290[b]
Other investments	$ 97	$ 97[b]	$ 80	$ 80[b]
Interest rate swaps – net unrealized gain (loss)	$ 6	$ 6[c]	$ (9)	$ (9)[c]
FPL:				
Long-term debt, including current maturities	$ 4,213	$ 4,211[a]	$ 3,406	$ 3,416[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,225	$ 1,225[b]	$ 1,151	$ 1,151[b]

(a) Based on market prices provided by external sources.
(b) Based on quoted market prices for these or similar issues.
(c) Based on market prices modeled internally.

The nuclear decommissioning reserve funds of FPL Group consist of restricted funds set aside to cover the cost of 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. 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 OCI.

FPL Group and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to adjust and mitigate interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At September 30, 2006, the estimated fair value for FPL Group interest rate swaps was as follows:

Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value
(millions)					(millions)
Fair value hedges – FPL Group Capital:					
$ 300	November 2004	February 2007	variable[a]	4.086%	$ (3)
$ 275	December 2004	February 2007	variable[b]	4.086%	(2)
Total fair value hedges					(5)
Cash flow hedges – FPL Energy:					
$ 87	August 2002	December 2007	4.410%	variable[c]	1
$ 181	August 2003	November 2007	3.557%	variable[c]	3
$ 6	February 2005	June 2008	4.255%	variable[c]	1
$ 78	December 2003	December 2017	4.245%	variable[c]	3
$ 26	April 2004	December 2017	3.845%	variable[c]	1
$ 245	December 2005	November 2019	4.905%	variable[c]	2
Total cash flow hedges					11
Total interest rate hedges					$ 6

(a) Three-month LIBOR plus 0.50577%
(b) Three-month LIBOR plus 0.4025%
(c) Three-month LIBOR

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of FPL Group's net liabilities would increase by approximately $406 million ($209 million for FPL) at September 30, 2006.

Equity price risk – Included in the nuclear decommissioning reserve funds of FPL Group are marketable equity securities carried at their market value of approximately $1,293 million and $1,113 million ($962 million and $933 million for FPL) at September 30, 2006 and December 31, 2005, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $129 million ($96 million for FPL) reduction in fair value and corresponding adjustments to the related liability accounts based on current regulatory treatment for FPL, or adjustments to OCI for FPL Group's non-rate regulated operations, at September 30, 2006.

Credit risk – For all derivative and contractual transactions, FPL Group's energy marketing and trading operations, which includes FPL's energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties

to these transactions. Relevant considerations when assessing FPL Group's energy marketing and trading operations' credit risk exposure include:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the United States.
- Overall credit risk is managed through established credit policies.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of cash collateral.
- The use of master netting agreements to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. FPL Group's policy is to have master netting agreements in place with significant counterparties.

Based on FPL Group's policies and risk exposures related to credit, FPL Group and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of September 30, 2006, approximately 100% of both FPL Group's and FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity – Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of September 30, 2006, each of FPL Group and FPL had 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 each company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) or 15d-15(e)). 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 and ensuring that information required to be disclosed in the company's reports filed or submitted under the Exchange Act is accumulated and communicated to management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure. FPL Group and FPL each have a Disclosure Committee, which is made up of several key management employees and reports directly to the chief executive officer and chief financial officer of each company, to monitor and evaluate these disclosure controls and procedures. 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 their respective disclosure controls and procedures will be met.

(b) Changes in Internal Control over Financial Reporting

FPL Group and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout FPL Group and FPL. However, there has been no change in FPL Group's or FPL's internal control over financial reporting that occurred during FPL Group's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, FPL Group's or FPL's internal control over financial reporting.

In June 2005, a wholly-owned subsidiary of FPL Group completed the acquisition of Gexa, which was valued at approximately $73 million, payable in shares of FPL Group common stock. Total assets and operating revenues of the entities acquired in connection with the acquisition of Gexa represent less than 1% and approximately 4%, respectively, of FPL Group's consolidated total assets as of September 30, 2006 and its total operating revenues for each of the three and nine months ended September 30, 2006. FPL Group does not consider Gexa material to FPL Group's results of operations, financial position and cash flows. FPL Group has evaluated the impact of Gexa's business on FPL Group's internal control over financial reporting and noted numerous inadequacies throughout Gexa's operations, including the contract approval and administration process, the customer enrollment process, billing system security and accounting and financial controls. During the second quarter of 2006, FPL Group completed designing and documenting controls in key areas. Testing of these key controls began in the third quarter of 2006 and is expected to be completed by the end of 2006.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3. Legal Proceedings in the 2005 Form 10-K for FPL Group and FPL and Part II, Item 1. Legal Proceedings in the Quarterly Report on Form 10-Q for each of the quarterly periods ended March 31, 2006 and June 30, 2006 for FPL Group and FPL.

In the FMPA proceedings, FMPA submitted a petition for review by the DC Circuit of the FERC's December 2005 and July 2006 orders entitling FPL to load ratio share pricing, notwithstanding constraints on a third-party's system, and denying FMPA's request for a rehearing. In August 2006, the FERC requested a stay of the proceedings at the DC Circuit pending resolution of FPL's August 2006 rehearing request of FERC's July 2006 order which denied FPL's request for rehearing of the FERC's December 2005 order. In September 2006, FPL made its required compliance filing, removing an additional $5.6 million in transmission facilities from rates, which resulted in a refund liability of approximately $3 million to FMPA and approximately $1 million to Seminole at September 30, 2006.

In the Adelphia lawsuit, the case is in discovery and has been reset for trial in March 2008.

In the TXU lawsuit, damages sought by the plaintiff approximate $26 million to $28 million. The case has been reset for trial in April 2007.

In September 2006, Indonesia's state-owned oil company filed an action against KBC, an entity in which FPL Energy owns an equity interest, in the Grand Court of the Cayman Islands for fraud and injunctive relief prohibiting KBC from disposing of, dealing with or diminishing the value of any of KBC's assets up to the value of $316 million, the approximate amount of damages being sought, pending resolution of the fraud claim. FPL Energy's portion of the damages being sought is approximately $142 million. KBC sought and received from a New York federal district court an anti-suit injunction against the plaintiff. The district court entered its order prohibiting the plaintiff from taking any affirmative action on its request for injunction and also prohibiting KBC from distributing certain judgment funds to its owners until further order by the New York federal district court.

Item 1A. Risk Factors

In addition to the risk factors discussed below and other information set forth in this report, the factors discussed in Part I, Item 1A. Risk Factors in FPL Group's and FPL's 2005 Form 10-K, which could materially affect FPL Group's and FPL's businesses, financial condition and/or future operating results should be carefully considered. In light of the termination of the proposed merger of FPL Group and Constellation Energy, the risk factors relating to the proposed merger included in the 2005 Form 10-K no longer apply. The risks described herein and in FPL Group's and FPL's 2005 Form 10-K are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial, also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.

The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.

- The operation and maintenance of power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout our generation fleets unless and until such defects are remediated, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an operating facility of FPL Energy may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information regarding purchases made by FPL Group of its common stock:

Period	Total Number of Shares Purchased [a]	Average Price Paid Per Share [a]	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program [b]
				(thousands)
7/1/06 – 7/31/06	5,090	$ 41.41	-	20,000
8/1/06 – 8/31/06	-	$ -	-	20,000
9/1/06 – 9/30/06	-	$ -	-	20,000
Total	5,090		-	

[a] Shares of common stock purchased from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the LTIP.

[b] In February 2005, FPL Group's board of directors authorized a common stock repurchase plan of up to 20 million shares of common stock over an unspecified period, which authorization was ratified and confirmed by the board of directors in December 2005.

Item 5. Other Information

(a) None

(b) None

(c) Other Events

(i) Reference is made to Item 1. Business – FPL Operations – Competition in the 2005 Form 10-K for FPL Group and FPL.

In September 2006, the FPSC granted FPL an exemption from the FPSC's bid rule for two advanced technology coal generating units, totaling approximately 1,960 mw, FPL is proposing to build in Glades County, Florida that would be operational in 2012 and 2013. The FPSC bid rule would have required FPL to issue a request for proposal as part of the approval process. The exemption is contingent upon FPL filing its need application for these units with the FPSC by May 1, 2007.

(ii) Reference is made to Item 1. Business – FPL Operations – System Capability and Load and Item 1. Business – FPL Energy Operations – Portfolio by Category in the 2005 Form 10-K for FPL Group and FPL and Part II, Item 5. (c)(ii) in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 for FPL Group and FPL.

Since June 2006, FPL has experienced compressor blade failures in three combustion turbine compressors (CTCs) at two of its generating plants, resulting in significant damage to the combustion turbines. The three CTCs were made by the same manufacturer. FPL has 28 of these CTCs in its generating fleet and FPL Energy has 19. Recently other companies in the electric industry have reported similar failures. The CTC manufacturer has determined the root cause of the first failure experienced by FPL and is in the process of determining how to remediate the issue. In the interim, FPL and FPL Energy are conducting inspections of all such compressor blades in their generating fleets and replacing the blade sets found to have cracks. FPL Group is currently working with the CTC manufacturer to determine the root cause of the other two failures and to identify mitigation efforts. Repairs to the first affected unit have been completed and the unit has returned to service. The second and third units affected are expected to return to service in mid-November 2006 and January 2007.

(iii) Reference is made to Item 1. Business – FPL Operations – Nuclear Operations and Item 1. Business – FPL Energy Operations – Nuclear Operations in the 2005 Form 10-K for FPL Group and FPL.

FPL has decided to repair St. Lucie Unit No. 2's alloy 600 pressurizer heater sleeves during its spring 2009 outage. During St. Lucie Unit No. 2's scheduled refueling and steam generator and reactor vessel head replacement outage in the fall of 2007, FPL will inspect the pressurizer heater sleeves and begin repairs of other penetrations with alloy 600 weld materials. The repairs to St. Lucie Unit No. 2's other penetrations are scheduled to be completed by 2010. FPL will begin the repair of St. Lucie Unit No. 1's other penetrations with alloy 600 weld materials during its fall 2008 outage and expects to complete the repairs by 2010. The estimated cost of repairs for the St. Lucie units are included in FPL's estimated capital expenditures. See Note 10 – Commitments. FPL Energy will repair Seabrook's pressurizer penetrations with alloy 600 weld materials during its spring 2008 outage and inspect Seabrook's other alloy 600 penetrations during its fall 2009 outage. Seabrook does not have alloy 600 pressurizer heater sleeves. The estimated cost of repairs for Seabrook is included in FPL Energy's estimated capital expenditures. See Note 10 – Commitments.

(iv) Reference is made to Item 1. Business – FPL Operations – Fuel in the 2005 Form 10-K for FPL Group and FPL.

Based on current projections, FPL will lose its ability to store additional spent fuel on site for Turkey Point Unit No. 3 in 2010 and Turkey Point Unit No. 4 in 2012. These projections are based on additional space provided by new cask pit area storage racks installed at Turkey Point Units Nos. 3 and 4's spent fuel pools in 2004. FPL expects to extend the storage capacity of Turkey Point Unit No. 3 to early 2012 by recovering storage cells in the spent fuel pool that are damaged or otherwise unusable. In addition, FPL plans to begin using dry storage casks to store spent fuel at Turkey Point Units Nos. 3 and 4 prior to 2012, which would extend their capability to store spent fuel indefinitely.

In July 2006, the director of the U.S. Department of Energy's (DOE) Office of Civilian Radioactive Waste Management testified before the U.S. Congress that the DOE plans to submit a license application for a permanent disposal facility for spent nuclear fuel to the NRC by June 30, 2008, and that DOE anticipates the repository to be operational by March 31, 2017.

(v) As disclosed in a Current Report on Form 8-K filed by FPL Group on October 13, 2006, FPL Group's regular annual meeting of shareholders has been scheduled for December 15, 2006.

Item 6. Exhibits

Exhibit Number	Description	FPL Group	FPL
*2	Termination and Release Agreement dated as of October 24, 2006, among FPL Group, Inc., Constellation Energy Group, Inc. and CF Merger Corporation (filed as Exhibit 2.1 to Form 8-K dated October 24, 2006, File No. 1-8841)	x	x
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through March 10, 2005 (filed as Exhibit 3(i) to Form S-4, File No. 333-124438)	x	
*3(i)b	Amendment to FPL Group's Restated Articles of Incorporation dated July 3, 2006 (filed as Exhibit 3(i) to Form 8-K dated June 30, 2006, 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
*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
*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
*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
*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
*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
*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
*3(i)j	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)j to Form 10-K dated December 31, 2003, File No. 2-27612)		x

Exhibit Number	Description	FPL Group	FPL
*3(i)k	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)k to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)l	Amendment to FPL's Restated Articles of Incorporation dated February 11, 2005 (filed as Exhibit 3(i)m to Form 10-K for the year ended December 31, 2004, File No. 2-27612)		x
*3(ii)a	Amended and Restated Bylaws of FPL Group (as amended through May 26, 2006) (filed as Exhibit 3(ii)a to Form 10-Q for the quarter ended June 30, 2006, 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)	Officer's Certificate of FPL Group Capital, dated August 18, 2006, creating the 5 5/8% Debentures, Series due September 1, 2011 (filed as Exhibit 4 to Form 8-K dated August 18, 2006, File No. 1-8841)	x	
*4(b)	Indenture (For Unsecured Subordinated Debt Securities), dated as of September 1, 2006, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(c)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc. dated September 19, 2006, creating the Series A Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(b) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(d)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc. dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(e)	Replacement Capital Covenant, dated September 19, 2006 by FPL Group Capital Inc and FPL Group, Inc. (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
10(a)	FPL Group, Inc. Amended and Restated Long Term Incentive Plan, as amended and restated October 13, 2006	x	x
10(b)	FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006	x	
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL Group	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL Group	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL		x
32(a)	Section 1350 Certification of FPL Group	x	
32(b)	Section 1350 Certification 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.

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 2, 2006

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 AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Nine Months Ended September 30, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 1,010
Income taxes	380
Fixed charges included in the determination of net income, as below	537
Amortization of capitalized interest	8
Distributed income of equity method investees	57
Less: Equity in earnings of equity method investees	83
Total earnings, as defined	$ 1,909
Fixed charges, as defined:	
Interest charges	$ 526
Rental interest factor	11
Fixed charges included in the determination of net income	537
Capitalized interest	21
Total fixed charges, as defined	$ 558
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	3.42

[a] FPL Group, Inc. has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Nine Months Ended September 30, 2006 (millions of dollars)
Earnings, as defined:	
Net income	$ 632
Income taxes	333
Fixed charges, as below	225
Total earnings, as defined	$ 1,190
Fixed charges, as defined:	
Interest charges	$ 212
Rental interest factor	5
Capitalized interest	8
Total fixed charges, as defined	$ 225
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	5.29

[a] Florida Power & Light Company has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer
of FPL Group, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer
of FPL Group, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, 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. (FPL Group) for the quarterly period ended September 30, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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.

Dated: November 2, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board, President
and Chief Executive Officer of FPL Group, Inc.

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer of FPL Group, Inc.

A signed original of this written statement required by Section 906 has been provided to FPL Group and will be retained by FPL Group and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL Group under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of Florida Power & Light Company (FPL) for the quarterly period ended September 30, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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 2, 2006

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer of
Florida Power & Light Company

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to FPL and will be retained by FPL and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit (c)-1H

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, 2006**

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
2-27612	**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

	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	New York Stock Exchange
Florida Power & Light Company: None	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.
FPL Group, Inc. Yes __X__ No ____ Florida Power & Light Company Yes __X__ No ____

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
FPL Group, Inc. Yes ____ No __X__ Florida Power & Light Company Yes ____ No __X__

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.
FPL Group, Inc. Yes __X__ No ____ Florida Power & Light Company 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. [X]

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934.
FPL Group, Inc. Large Accelerated Filer __X__ Accelerated Filer ____ Non-Accelerated Filer ____
Florida Power & Light Company Large Accelerated Filer ____ Accelerated Filer ____ Non-Accelerated Filer __X__

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ____ No __X__

Aggregate market value of the voting and non-voting common equity of FPL Group, Inc. held by non-affiliates as of June 30, 2006 (based on the closing market price on the Composite Tape on June 30, 2006) was $16,694,263,323.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2006.

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 January 31, 2007: 405,590,044 shares.

As of January 31, 2007, 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 2007 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.

Florida Power & Light Company meets the conditions set forth under General Instruction (I)(1)(a) and (b) of Form 10-K and is therefore filing this form with reduced disclosure format.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	allowance for funds used during construction
BART	Best Available Retrofit Technology
capacity clause	capacity cost recovery clause, as established by the FPSC
Charter	restated articles of incorporation, as amended, of FPL Group or FPL, as the case may be
Constellation Energy	Constellation Energy Group, Inc.
CRDM	control rod drive mechanism
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
EMF	electric and magnetic fields
EMT	Energy Marketing & Trading
2005 Energy Act	Energy Policy Act of 2005
environmental clause	environmental compliance cost recovery clause, as established by the FPSC
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, as established by the FPSC
Gexa	Gexa Energy, LP
Gulfstream	Gulfstream Natural Gas System, L.L.C.
Holding Company Act	Public Utility Holding Company Act of 2005
IARC	International Agency for Research on Cancer
IRS	Internal Revenue Service
kv	kilovolt(s)
kwh	kilowatt-hour(s)
LIBOR	London InterBank Offered Rate
LTIP	FPL Group, Inc. Amended and Restated Long Term Incentive Plan
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
MRO	Midwest Reliability Organization
mw	megawatt(s)
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Council
Note ___	note ___ to consolidated financial statements
NO_x	Nitrogen oxide
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
PJM	PJM Interconnection, L.L.C.
PMI	FPL Energy Power Marketing, Inc.
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credits
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
RFC	ReliabilityFirst Corporation
RFP	request for proposal
ROE	return on common equity
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
SERC	Southeastern Electric Reliability Council
SO_2	Sulfur dioxide
SPP	Southwest Power Pool
VIE	variable interest entity
WECC	Western Electricity Coordinating Council

FPL Group, FPL, FPL Group Capital and FPL Energy each have subsidiaries and affiliates with names that include FPL, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms FPL Group, FPL, FPL Group Capital and FPL Energy are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to important factors included in Part I, Item 1A. Risk Factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on FPL Group's and/or FPL's operations and financial results, and could cause FPL Group's and/or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and/or FPL in this combined Form 10-K, in presentations, on their respective websites, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

PART I

Item 1. Business

FPL GROUP

FPL Group was incorporated in 1984 under the laws of Florida. FPL Group's principal subsidiary, FPL, is a rate-regulated utility engaged primarily 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 FPL Group's operating subsidiaries other than FPL. The business activities of these operating subsidiaries primarily consist of FPL Energy's competitive energy business. At December 31, 2006, FPL Group and its subsidiaries employed approximately 13,300 people. For financial information regarding FPL Group's business segments, see Note 17.

In 2005, President Bush signed into law the 2005 Energy Act, which substantially affected the regulation of energy companies. The 2005 Energy Act included provisions that, among other things, amended federal energy laws, provided the FERC with new oversight responsibilities, repealed the Public Utility Holding Company Act of 1935, as amended, which regulated the financial structure of certain utility holding companies and, among other things, restricted mergers and acquisitions in the electric industry, and enacted the Holding Company Act. FPL Group is a holding company, as defined in the Holding Company Act.

In December 2005, FPL Group and Constellation Energy announced a proposed merger. As a result of continued uncertainty over regulatory and judicial matters in Maryland, on October 24, 2006, FPL Group and Constellation Energy mutually agreed to terminate the proposed merger. No termination fee is payable under the termination agreement unless Constellation Energy agrees with another party to a comparable transaction on or prior to September 30, 2007, in which case a fee will be payable to FPL Group by Constellation Energy. For additional information, see Note 2.

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, wildlife mortality 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. Environmental regulations are subject to change. The following is a discussion of emerging federal initiatives and rules that could potentially affect FPL Group. See FPL Operations – Environmental and FPL Energy Operations – Environmental for a discussion of certain impacts specific to those entities.

Climate Change – As a participant in President Bush's Climate Leader Program to reduce greenhouse gas intensity in the United States by 18% by 2012, FPL Group has inventoried its greenhouse gas emission rates and has committed to a 2008 reduction target of 18% below a 2001 baseline emission rate measured in pounds per megawatt-hour. FPL Group believes that the planned operation of its generating portfolio, along with its current efficiency initiatives, greenhouse gas management efforts and increased use of renewable energy, will allow it to achieve this target. In addition, FPL Group has joined the U.S. Climate Action Partnership, an alliance made up of a diverse group of U.S.-based businesses and environmental organizations, which in early 2007 issued a set of principles and recommendations to address global climate change and the reduction of greenhouse gas emissions.

The U.S. Congress is considering several legislative proposals that would establish new mandatory regulatory requirements and reduction targets for greenhouse gases. Based on the most current reference data available from government sources, FPL Group is among the lowest emitters of greenhouse gases measured by its rate of emissions to generation in pounds per megawatt-hour. However, these legislative proposals have differing methods of implementation and the impact on FPL's and FPL Energy's generating units and/or the financial impact (either positive or negative) to FPL Group and FPL could be material, depending on the eventual structure of any legislation enacted and specific implementation rules adopted.

Multi-Pollutant Legislation – The U.S. 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 the most current reference data available from government sources, FPL Group is among the lowest generators of these emissions measured by its rate of emissions to generation in pounds per megawatt-hour. However, these multi-pollutant proposals have differing methods of implementation and the impact on FPL's and FPL Energy's generating units and/or the financial impact (either positive or negative) to FPL Group and FPL could be material, depending on the eventual structure of any legislation enacted and specific implementation rules adopted.

Clean Air Act Mercury/Nickel Rule – In 2005, the EPA proposed a final rule to regulate mercury emissions from coal-fired electric utility steam generating units under Section 111 of the Clean Air Act. The EPA's proposed final rule seeks to reduce mercury emissions starting in 2010 through "cobenefits" reduction occurring as a result of pollution control equipment currently installed or to be installed in response to the Clean Air Interstate Rule or other environmental rules. This proposed final rule would also allow the EPA to implement a mercury emissions trading program. There is considerable opposition to the proposed final rule from environmental groups, which contend that there should be more stringent control of mercury emissions.

During 2005, the EPA determined that new data indicated that nickel emissions from oil-fired units should not be regulated under Section 112 of the Clean Air Act, which set Maximum Achievable Control Technology standards, and as a result the EPA published a final rule delisting nickel from the requirements of regulation under Section 112. Both the mercury and nickel rulemaking decisions are being challenged by various states and environmental groups.

Clean Air Interstate Rule (CAIR) – In 2005, the EPA published a final CAIR that requires SO_2 and NOx emissions reductions from electric generating units in 28 states where their emissions are transported to downwind states allegedly resulting in fine particulate (PM 2.5) and ozone non-attainment. The final rule requires phased reductions in SO_2 emissions by 2010 and by 2015, and reductions in NOx emissions by 2009 and by 2015, eventually reaching a nationwide reduction of 65% below a 2002 baseline emission rate for each. In the final rule, through the use of modeling data, the states in which FPL facilities are located were determined to be contributors of PM 2.5 and/or ozone production in downwind states. However, FPL Group believes that the emissions from most of its Florida generating facilities are not affecting the non-attainment status of downwind areas. In 2005, FPL Group filed a petition for reconsideration with the EPA and a lawsuit in the U.S. Court of Appeals for the District of Columbia challenging the SO_2 and NOx provisions in CAIR. In March 2006, the EPA denied FPL Group's and other petitioners' requests to revise the final rule. FPL Group will continue to challenge the SO_2 and NOx provisions of the final rule through the lawsuit that it filed.

Clean Air Visibility Rule – In 2005, the EPA issued the Clean Air Visibility Rule to address regional haze in areas which include certain national park and wilderness areas through the installation of BART for electric generating units. BART eligible units include those built between 1962 and 1977 that have the potential to emit more than 250 tons of visibility-impairing pollution a year. The rule requires states to identify the facilities required to install BART controls by 2008 and allows for a five-year period to implement pollution controls.

Clean Water Act Section 316(b) – In 2004, the EPA issued a rule under Section 316(b) of the Clean Water Act to address location, design, construction and capacity of intake structures at existing power plants with once-through cooling water systems. The rule requires FPL Group to demonstrate that it has met or will meet new impingement mortality (the loss of organisms against screens and other exclusion devices) and/or entrainment (the loss of organisms by passing through the cooling water system) reductions by complying with one of several compliance alternatives, including the use of technology and/or operational measure and response to the rule may involve the performance of biological studies. FPL Group has been conducting the necessary studies/analyses over the past few years and was planning to submit solutions for regulatory approval in early 2008. However, on January 25, 2007, the U.S. Court of Appeals for the Second Circuit ruled on a challenge to the rule by a number of environmental groups and six northeastern states. In its ruling, the court eliminated several of the compliance alternatives, including the use of restoration measures, from consideration and remanded the rule to the EPA for further rulemaking. Accordingly, the final requirements are uncertain.

Website Access to SEC Filings. FPL Group and FPL make their SEC filings, including 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 FPL Group's 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 more than 8.5 million throughout most of the east and lower west coasts of Florida. During 2006, FPL served approximately 4.4 million customer accounts. The percentage of FPL's operating revenues by customer class was as follows:

	Years Ended December 31,		
	2006	2005	2004
Residential	54%	55%	54%
Commercial	39	37	37
Industrial	3	3	3
Other, including deferred or recovered clause revenues, the net change in unbilled revenues, any provision for retail rate refund, gas, transmission and wholesale sales and customer-related fees	4	5	6
	100%	100%	100%

FPL currently holds 176 franchise agreements to provide electric service in various municipalities and counties in Florida with varying expiration dates through 2037. Of the 176 franchise agreements, 13 expire in 2007, six expire in 2008 and 157 expire during the period 2009 through 2037. Ongoing negotiations are taking place to renew franchises with upcoming expirations. FPL considers its franchises to be adequate for the conduct of its business.

Regulation. FPL's retail operations provided approximately 99% of FPL's 2006 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 with respect to certain aspects of its

operations, including the acquisition and disposition of facilities, interchange and transmission services and wholesale purchases and sales of electric energy. In addition, FPL's nuclear power plants are subject to the jurisdiction of the NRC. NRC regulations govern the granting of licenses for the construction, operation and retirement of nuclear power plants and subject these plants to continuing review and regulation.

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 outstanding debt and preferred stock and, typically, 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 an allowed ROE will be achieved. Base rates are determined in rate proceedings or through negotiations, which occur at irregular intervals at the initiative of FPL, the FPSC, the State of Florida Office of Public Counsel or a substantially affected party.

In 2005, the FPSC approved a stipulation and settlement agreement regarding FPL's retail base rates (2005 rate agreement), signed by FPL and all of the interveners in its 2005 rate case filing. FPL expects the 2005 rate agreement to be in effect through December 31, 2009, and thereafter shall remain in effect until terminated on the date new retail base rates become effective pursuant to an FPSC order. The 2005 rate agreement replaced a rate agreement that was effective April 15, 2002 through December 31, 2005 (2002 rate agreement).

The 2005 rate agreement provides that retail base rates will not increase during the term of the agreement except to allow recovery of the revenue requirements of any power plant approved pursuant to the Florida Power Plant Siting Act (Siting Act) that achieves commercial operation during the term of the 2005 rate agreement. Retail base rates will increase approximately $127 million on an annualized basis when a 1,144 mw natural gas-fired plant at FPL's Turkey Point site (Turkey Point Unit No. 5) is placed in service, which is expected to occur in the second quarter of 2007 (see System Capability and Load below). The 2005 rate agreement also continues the revenue sharing mechanism in FPL's 2002 rate agreement, whereby revenues from retail base operations in excess of certain thresholds will be shared with customers on the basis of two-thirds refunded to customers and one-third retained by FPL. Revenues from retail base operations in excess of a second, higher threshold (cap) will be refunded 100% to customers. The revenue sharing threshold and cap for 2007 and each succeeding year is established by increasing the prior year's threshold and cap by the sum of the following: (i) the average annual growth rate in retail kwh sales for the ten-year period ending December 31 of the preceding year multiplied by the prior year's retail base rate revenue sharing threshold and cap and (ii) the amount of any incremental base rate increases for power plants approved pursuant to the Siting Act that achieve commercial operation during the term of the 2005 rate agreement. The revenue sharing threshold and cap for 2007 is estimated to be $4,203 million and $4,373 million, respectively, and will be adjusted based on the actual incremental base revenues associated with Turkey Point Unit No. 5 going into service in the second quarter of 2007. For the year ended December 31, 2006, revenues from retail base operations did not exceed the 2006 threshold.

Under the terms of the 2005 rate agreement: (i) FPL's electric property depreciation rates are based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL may reduce depreciation by up to $125 million annually which was also permitted under the 2002 rate agreement, (ii) FPL suspended contributions of approximately $79 million per year to its nuclear decommissioning fund beginning in September 2005, (iii) FPL suspended contributions of $20.3 million per year to its storm and property insurance reserve beginning in 2006 and has the ability to recover prudently incurred storm restoration costs, either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges, and (iv) FPL will be allowed to recover through a cost recovery clause prudently incurred incremental costs associated with complying with an FPSC or FERC order regarding a regional transmission organization.

FPL does not have an authorized regulatory ROE under the 2005 rate agreement for the purpose of addressing earnings levels. For all other regulatory purposes, FPL has an ROE of 11.75%. Under the 2005 rate agreement, the revenue sharing mechanism described above is the appropriate and exclusive mechanism to address earnings levels. However, if FPL's regulatory ROE, as reported to the FPSC in FPL's monthly earnings surveillance report, falls below 10% during the term of the 2005 rate agreement, FPL may petition the FPSC to amend its base rates.

Fuel costs are recovered from customers through levelized charges per kwh established under the fuel clause. 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. In 2006, approximately $6.4 billion of costs were recovered through the fuel clause. The FPSC has approved a risk management fuel procurement program which is intended to reduce the risk of unexpected fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The results of the program are reviewed by the FPSC as part of the annual review of fuel costs. See Energy Marketing and Trading, Management's Discussion – Results of Operations, Note 1 – Regulation and Note 4.

Capacity payments to other utilities and generating companies for purchased power are recovered from customers through the capacity clause and base rates. In 2006, approximately $583 million of costs were recovered through the capacity

clause. Costs associated with implementing energy conservation programs totaled approximately $174 million in 2006 and were recovered from customers through the energy conservation cost recovery clause. Costs of complying with federal, state and local environmental regulations enacted after April 1993 totaled $26 million in 2006 and were recovered through the environmental clause to the extent not included in base rates.

In February 2007, the FPSC approved a nuclear cost recovery rule that provides for the recovery of all prudently incurred costs for siting, designing, licensing and constructing new nuclear power plants. FPL is in the process of evaluating the economics, risks and advisability, among other things, of potentially building a new nuclear power plant in its service area.

FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004, which caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At December 31, 2006, FPL's storm reserve deficiency totaled approximately $868 million. In May 2006, the FPSC approved the issuance of up to $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs are being recovered through a previously approved storm damage surcharge applied to retail customer bills since February 2005. Once the bonds are issued, a surcharge to retail customers will be used for repayment of the outstanding bonds. FPL is working with the FPSC staff and its financial advisors to complete the issuance of the bonds. See Note 1 – Storm Reserve Deficiency.

In January 2006, FPL introduced an initiative to enhance its electrical grid as a result of heightened hurricane activity and in response to concerns expressed by the community, state leaders and regulators. The estimated capital expenditures associated with this initiative, as well as the FPSC's approved storm preparedness plan (collectively, Storm Secure^{SM} Plan) for 2007 through 2011 are included in FPL's projected capital expenditures. See Capital Expenditures below and Note 16 – Commitments. See also Management's Discussion – Results of Operations – FPL for further discussion regarding the impact of Storm Secure Plan costs on O&M expenses. The estimated costs associated with the Storm Secure Plan, both capital expenditures and O&M expenses, are subject to change over time based on, among other things, productivity enhancements and prioritization.

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, storm restoration costs 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. The FERC has jurisdiction over potential changes that could affect competition in wholesale transactions. In 2006, 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. Management believes it is unlikely there will be any state actions to restructure the retail electric industry in Florida in the near future. If 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 Management's Discussion – Critical Accounting Policies and Estimates – Regulatory Accounting.

The FPSC promotes cost competitiveness in the building of new steam generating capacity by requiring investor-owned electric utilities, such as FPL, to issue an RFP. The RFP process allows independent power producers and others to bid to supply the new 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 approve the terms of the power purchase agreement and, if appropriate, provide the required authorization for the construction of the bidder's generation capacity. In September 2006, the FPSC granted FPL an exemption from the FPSC's bid rule for two ultra super critical pulverized coal generating units that FPL is seeking to build in Glades County, Florida. See System Capability and Load. Effective February 2007, the FPSC eliminated the requirement for utilities to issue an RFP for new nuclear power plants sited after June 2006.

System Capability and Load. At December 31, 2006, FPL's resources for serving load consisted of 24,651 mw, of which 20,981 mw were from FPL-owned facilities (see Item 2 – Generating Facilities) and 3,670 mw were available through purchased power contracts (see Note 16 – Contracts). FPL's projected reserve margin for the summer of 2007 is approximately 22.6% and reflects the addition of Turkey Point Unit No. 5, which is expected to be placed in service during the second quarter of 2007. This reserve margin is expected to 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 1,444 mw at December 31, 2006. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time. However, 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. The highest peak FPL has served to date was a summer peak of 22,361 mw, which occurred on August 17, 2005. FPL had adequate resources available at the time of this peak to meet customer demand.

Turkey Point Unit No. 5 is currently under construction and is expected to be placed in service during the second quarter of 2007. In June 2006, the FPSC approved FPL's proposal to build two approximately 1,220 mw natural gas-fired combined-cycle units in western Palm Beach County, Florida, with planned in-service dates of 2009 and 2010, which were subsequently approved by the Siting Board (comprised of the Florida governor and cabinet) under the Siting Act in December 2006. In February 2007, FPL filed a need application with the FPSC to build two ultra super critical pulverized coal generating units totaling approximately 1,960 mw in Glades County, Florida with planned in-service dates of 2013 and 2014.

Fuel Mix. FPL's generating plants use a variety of fuels. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve a more economical fuel mix. See Fossil Operations, Nuclear Operations and Item 2 – Generating Facilities.

FPL's 2006 fuel mix based on kwh produced was as follows:

Source	
Natural gas	50%
Nuclear	20%
Purchased power	17%
Oil	8%
Coal	5%

Fossil Operations. FPL owns and operates 82 units that utilize fossil fuels such as natural gas and/or oil, and has a joint-ownership interest in three coal units. FPL's fossil units are out of service from time to time for routine maintenance or on standby during periods of mild weather. Since June 2006, FPL has experienced compressor blade failures in three combustion turbine compressors (CTCs) at two of its fossil generating plants, resulting in significant damage to the combustion turbines. FPL has 28 of this type of CTCs in its generating fleet, which were all made by the same manufacturer. Recently other companies in the electric industry have reported similar failures. The manufacturer of the CTCs has determined the root cause of the first failure experienced by FPL involving a rotating blade and is in the process of determining how to remediate the issue. In the interim, FPL is conducting inspections of all rotating compressor blades in its generating fleet and replacing any blade sets found to have cracks. FPL Group is currently working with the manufacturer of the CTCs to determine the root cause of the other two failures in the stationary section of the compressor and how to remediate the issue. In the interim, FPL is planning to proactively replace a portion of the stationary compressor blades it considers to be at higher risk of failure. Repairs to all three of the units affected have been completed and the units returned to service.

FPL has four firm transportation contracts in place with FGT and one firm transportation contract with Gulfstream that together are expected to satisfy substantially all of the anticipated needs for natural gas transportation at its existing units. The four existing FGT contracts expire between 2015 and 2022, while the Gulfstream contract expires in 2028. The two contracts expiring in 2015 may be extended by FPL until 2030. To the extent desirable, FPL can also purchase interruptible gas transportation service from FGT and Gulfstream 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. In addition, FPL has entered into several long-term agreements for storage capacity and transportation of natural gas from facilities that have not yet begun construction. These agreements range from 12 to 23 years in length and are contingent upon certain events, including approval by the FERC and completion of construction of the facilities in 2008 and 2009. FPL's oil requirements are obtained under short-term contracts and in the spot market. See Note 16 – Contracts.

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. FPL's remaining fuel requirements for these units will be obtained in the spot market. See Note 16 – Contracts.

Nuclear Operations. FPL owns and operates four nuclear units, two at Turkey Point and two at St. Lucie. FPL has received operating license extensions to operate Turkey Point Units Nos. 3 and 4 and St. Lucie Units Nos. 1 and 2 until 2032, 2033, 2036 and 2043, respectively. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for approximately 30 days.

Scheduled nuclear refueling outages by unit are as follows:

Unit	Refueling Outage	
	Most Recent	Next Scheduled
St. Lucie Unit No. 1	Fall 2005	Spring 2007 [a]
St. Lucie Unit No. 2	Spring 2006	Fall 2007 [b]
Turkey Point Unit No. 3	Spring 2006	Fall 2007
Turkey Point Unit No. 4	Fall 2006	Spring 2008

(a) FPL anticipates replacing incore instrument thimbles during this outage, which is expected to extend the number of days the unit will be removed from service to approximately 50 days.

(b) FPL anticipates replacing the reactor vessel head and steam generators during this outage, which is expected to extend the number of days the unit will be removed from service to approximately 85 days.

In 2003, the NRC issued an order 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. In conjunction with the NRC order, FPL has performed visual and volumetric inspections of its nuclear units' reactor vessel heads during their scheduled refueling outages since October 2002. FPL replaced the reactor vessel heads at Turkey Point Unit No. 3, Turkey Point Unit No. 4 and St. Lucie Unit No. 1 during their scheduled refueling outages in the fall of 2004, spring of 2005 and fall of 2005, respectively, and therefore no further inspections will be required at these units until 2009. The inspections during scheduled refueling outages at St. Lucie Unit No. 2 in 2003 and 2005 revealed CRDM nozzles with cracks, which were repaired during the outages. FPL intends to replace the reactor vessel head at St. Lucie Unit No. 2 during its next scheduled refueling outage in the fall of 2007. The cost to replace St. Lucie Unit No. 2's reactor vessel head, including AFUDC, is included in FPL's estimated capital expenditures below. See Management's Discussion – Results of Operations – FPL and Note 16 – Commitments.

St. Lucie Unit No. 2's steam generators are reaching the end of their useful life. As flaws were identified in individual tubes, they were plugged in order to prevent the tubes from leaking during plant operations. FPL intends to replace the steam generators along with the reactor vessel head at St. Lucie Unit No. 2 during its next scheduled refueling outage in the fall of 2007. The cost to replace St. Lucie Unit No. 2's steam generators, including AFUDC, is included in FPL's estimated capital expenditures below. See 16 – Commitments.

During 2003, nuclear utilities other than FPL identified that pressurizer heater sleeves made with a particular material (alloy 600) were experiencing penetration cracks and leaks as a result of primary water stress corrosion cracking. As a result, in 2004, the NRC issued a bulletin requesting utilities to identify and inspect all alloy 600 and weld materials in all pressurizer locations and connected steam space piping. Due to the amount of time and cost associated with correcting potential leaks, FPL replaced St. Lucie Unit No. 1's pressurizer during its fall 2005 outage. FPL will begin the repair of St. Lucie Unit No. 1's non-pressurizer penetrations with alloy 600 weld materials during its fall 2008 outage and expects to complete the repairs by 2010. The St. Lucie Unit No. 2 pressurizer has 30 heater sleeves as compared to 120 heater sleeves in the St. Lucie Unit No. 1 pressurizer. Accordingly, FPL has decided to repair rather than replace St. Lucie Unit No. 2's alloy 600 pressurizer heater sleeves during its spring 2009 outage. During St. Lucie Unit No. 2's next scheduled refueling and steam generator and reactor vessel head replacement outage in the fall of 2007, FPL will inspect the pressurizer heater sleeves and begin repairs of other pressurizer and non-pressurizer penetrations with alloy 600 weld materials. The repairs to St. Lucie Unit No. 2's other penetrations are scheduled to be completed by 2010. The estimated cost of repairs for the St. Lucie units are included in FPL's estimated capital expenditures below. See Note 16 – Commitments. All pressurizer penetrations and welds at Turkey Point Units Nos. 3 and 4 utilize a different material.

FPL leases nuclear fuel for all four of its nuclear units. See Note 1 – Nuclear Fuel. FPL Group and FPL consolidate the lessor entity in accordance with FIN 46, "Consolidation of Variable Interest Entities", as revised (FIN 46(R)). See Note 9 – FPL. The contracts for the supply, conversion, enrichment and fabrication of FPL's nuclear fuel have expiration dates ranging from 2008 through 2016. Currently, FPL 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. Through December 2006, FPL has paid approximately $562 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 federal 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 October 2006, a federal court ruled in another utility's case that the 1997 court decision regarding DOE's unavoidable delay defense was not binding on this federal court. An appeal is pending in that case. Based on current projections, FPL will lose its ability to store additional spent fuel on site for St. Lucie Unit No. 1 in 2008, St. Lucie Unit No. 2 in 2010, Turkey Point Unit No. 3 in 2010 and Turkey Point Unit No. 4 in 2012. Degradation in a material used in the spent fuel pools at Turkey Point Units Nos. 3 and 4 could result in implementation of alternative spent fuel storage options sooner than projected. FPL expects to extend the storage capacity of Turkey Point Unit No. 3 to early 2012 by recovering storage cells in the spent fuel pools that are currently damaged or otherwise unusable. In addition, FPL plans to begin using dry storage casks to store spent fuel at the St. Lucie Units prior to

2009 and at the Turkey Point Units prior to 2012, which would extend their capability to store spent fuel indefinitely. The cost for the dry storage casks is included in FPL's estimated capital expenditures below.

In 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 repository. The Yucca Mountain site is the DOE's recommended location to store and dispose of spent nuclear fuel and high-level radioactive waste. In 2002, Congress overrode the Notice of Disapproval through a majority vote of both houses and the President signed the joint resolution of Congress into law. The State of Nevada has initiated legal actions to attempt to block the project. In 2004, the U.S. Court of Appeals for the District of Columbia Circuit ruled on a series of challenges to the statutes and regulations established to govern a nuclear waste repository at the Yucca Mountain site. The court denied all the challenges except for one, regarding an EPA rule governing the time period the public would be protected from hypothetical radiation leaks at the Yucca Mountain repository. The court's decision will likely result in revisions to the EPA's and NRC's licensing rules for Yucca Mountain and could further delay the licensing process for Yucca Mountain. In a progress report submitted to Congress, the DOE Office of Civilian Radioactive Waste Management stated that the DOE plans to submit a license application for a permanent disposal facility for spent nuclear fuel to the NRC by June 20, 2008, and indicated that the best achievable schedule would anticipate commencing initial repository operations in 2017. Although the DOE has stated that it anticipates that its permanent disposal facility will commence operations in 2017, there is considerable doubt within the utility industry that this schedule will be met.

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 extended operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2032 and 2033, respectively. Current plans provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 at the end of its useful life in 2043. See estimated decommissioning cost data in Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – FPL.

Capital Expenditures. Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. FPL's capital expenditures totaled $1.7 billion in 2006 (including AFUDC of approximately $32 million), $1.8 billion in 2005 (including AFUDC of approximately $41 million) and $1.4 billion in 2004 (including AFUDC of approximately $48 million). Capital expenditures for 2007 through 2011 are estimated as follows:

	2007	2008	2009	2010	2011	Total
			(millions)			
Generation: [a]						
New [b][c]	$ 420	$ 720	$ 210	$ 10	$ -	$ 1,360
Existing	630	600	485	565	425	2,705
Transmission and distribution [d]	885	985	1,105	1,055	1,080	5,110
Nuclear fuel	105	130	140	170	110	655
General and other	145	160	170	205	205	885
Total	$ 2,185	$ 2,595	$ 2,110	$ 2,005	$ 1,820	$ 10,715

(a) Includes AFUDC of approximately $37 million, $52 million, $53 million and $6 million in 2007, 2008, 2009 and 2010, respectively.
(b) Includes land, generating structures, transmission interconnection and integration, licensing and AFUDC.
(c) Excludes capital expenditures of approximately $3.4 billion (approximately $310 million in 2008) for the two ultra super critical pulverized coal generating units for the period from early 2008 (expected Siting Board approval) through 2011.
(d) Includes estimated capital costs associated with FPL's Storm Secure Plan. These capital costs are subject to change over time based on, among other things, productivity enhancements and prioritization.

These estimates are subject to continuing review and adjustment and actual capital expenditures may vary from these estimates. See Management's Discussion – Liquidity and Capital Resources – Contractual Obligations and Planned Capital Expenditures and Note 16 – Commitments.

Energy Marketing and Trading. EMT, a division of FPL, buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess gas, oil and electricity. EMT also uses derivative instruments, such as swaps, options and forwards to manage the commodity price risk inherent in fuel 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 Retail Ratemaking, Management's Discussion – Results of Operations – FPL and Energy Marketing and Trading and Market Risk Sensitivity and Note 4.

Environmental. FPL is subject to environmental laws and regulations and is affected by emerging issues included in the discussion of FPL Group's business (see FPL Group – Environmental). FPL would generally seek recovery under the environmental clause for compliance costs associated with any new environmental laws and regulations. While the final requirements for Section 111 of the Clean Air Act for mercury emissions are subject to challenge, it is likely that Scherer Unit No. 4, St. Johns River Power Park Units Nos. 1 and 2 and certain coal-fired units from which FPL purchases power will be required to add additional pollution control equipment or purchase emission allowances in order to achieve compliance with the proposed mercury emission limits. In addition, while the final CAIR requirements are uncertain, it is possible that the FPL generating facilities in Florida and Georgia may be required to add additional SO_2 and NOx controls or purchase emissions allowances to meet the compliance requirements of the final rule. Furthermore, while the impact of final BART requirements of

the Clean Air Visibility Rule are uncertain, it is possible that some of FPL's BART eligible units may be required to add additional emissions controls or switch fuels to meet the BART compliance requirements. Lastly, the rule under Section 316(b) of the Clean Water Act impacts eight of FPL's generating facilities (Cape Canaveral, Cutler, Fort Myers, Lauderdale, Port Everglades, Sanford, Riviera and St. Lucie); however, the final requirements are uncertain.

During 2006, FPL spent approximately $82 million on capital additions to comply with environmental laws and regulations. FPL's capital expenditures to comply with environmental laws and regulations are estimated to be $347 million for 2007 through 2009, including approximately $106 million in 2007, and are included in estimated capital expenditures set forth in Capital Expenditures above.

Electric and Magnetic Fields. Since the 1970s, there has been public, scientific and regulatory attention given to the question of whether EMF causes or contributes to adverse health effects. EMF are present around electrical facilities, including appliances, power lines, and building wiring.

In 1999, the U.S. National Institute of Environmental Health Sciences, at the culmination of a five-year federally supported EMF research effort, concluded that the scientific evidence suggesting that EMF exposures pose any health risk is weak, 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 National Institute of Environmental Health Sciences said in a booklet it published on EMF: "For most health outcomes, there is no evidence that EMF exposures have adverse effects. There is some evidence from epidemiology studies that exposure to power-frequency EMF is associated with an increased risk for childhood leukemia. This association is difficult to interpret in the absence of reproducible laboratory evidence or a scientific explanation that links magnetic fields with childhood leukemia."

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 approximately 10,400 employees at December 31, 2006. Approximately 31% of the employees are represented by the International Brotherhood of Electrical Workers (IBEW) under a collective bargaining agreement with FPL that expires October 31, 2008.

FPL ENERGY OPERATIONS

General. FPL Energy, a wholly-owned subsidiary of FPL Group Capital, was formed in 1998 to aggregate FPL Group's existing competitive energy business. It is a limited liability company organized under the laws of Delaware. FPL Energy through its subsidiaries currently owns, develops, constructs, manages and operates domestic electric-generating facilities in wholesale energy markets. FPL Energy also provides full energy and capacity requirements services to distribution utilities in certain markets and owns a retail electric provider in Texas.

FPL Energy manages or participates in the management of approximately 95% of its projects, which represent approximately 98% of the net generating capacity in which FPL Energy has an ownership interest. At December 31, 2006, FPL Energy had ownership interests in operating independent power projects with a net generating capability totaling 13,343 mw (see Item 2 – Generating Facilities). Generation capacity spans various regions and is produced utilizing a variety of fuel sources, thereby reducing overall volatility related to varying market conditions and seasonality on a portfolio basis. At December 31, 2006, the percentage of capacity by NERC region or power pool was:

NERC Region/Power Pool	Percentage of Generation Capacity
MRO/RFC/SPP/ERCOT	42%
NEPOOL/NYPP	22%
SERC/PJM	21%
WECC	15%

Fuel sources for these projects were as follows:

Fuel Source	Percentage of Generation Capacity
Natural Gas	49%
Wind	30%
Nuclear	11%
Oil	5%
Hydro	3%
Other	2%

FPL Energy expects its future portfolio capacity growth to come primarily from wind development and from asset acquisitions. FPL Energy plans to add a total of at least 1,500 mw of new wind generation over the 2007 and 2008 period, including approximately 450 mw which are currently under construction. In December 2006, FPL Energy entered into an agreement to purchase Point Beach, a two-unit, 1,033 mw nuclear power plant. The transaction is subject to, among other things, the receipt of approvals from various federal and state regulatory agencies. FPL Energy expects to close the transaction in the third quarter of 2007. See Nuclear Operations.

FPL Energy's capital expenditures and investments totaled approximately $1.8 billion, $0.9 billion and $0.4 billion in 2006, 2005 and 2004, respectively. Capital expenditures for 2007 through 2011 are estimated as follows:

	2007	2008	2009	2010	2011	Total
			(millions)			
Wind [a]	$ 1,565	$ 1,300	$ 10	$ 5	$ 5	$ 2,885
Nuclear [b]	1,140	155	120	165	110	1,690
Gas	105	30	15	15	20	185
Other	65	40	5	10	10	130
Total	$ 2,875	$ 1,525	$ 150	$ 195	$ 145	$ 4,890

(a) Capital expenditures for new wind projects are estimated through 2008, when eligibility for PTCs for new wind projects is scheduled to expire.
(b) Includes nuclear fuel for Seabrook and Duane Arnold and, in 2007, the pending acquisition of Point Beach (see Nuclear Operations).

These estimates are subject to continuing review and adjustment and actual capital expenditures may vary from these estimates. See Management's Discussion – Liquidity and Capital Resources – Contractual Obligations and Planned Capital Expenditures and Note 16 – Commitments.

During 2006, other companies in the electric industry, including FPL, experienced compressor blade failures in certain CTCs made by a single manufacturer. FPL Energy has 19 of these CTCs in its generating fleet. FPL Energy is conducting inspections of its rotating compressor blades in its generating fleet and replacing any blade sets found to have cracks. FPL Energy is also planning to proactively replace a portion of the stationary compressor blades it considers to be at higher risk of failure. See the discussion at FPL Operations – Fossil Operations.

Regulation. At December 31, 2006, FPL Energy had ownership interests in operating independent power projects that have received exempt wholesale generator status as defined under the Holding Company Act, which represent approximately 96% 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. In addition, approximately 4% of FPL Energy's net generating capacity has qualifying facility status under PURPA. FPL Energy's qualifying facilities generate electricity from wind, solar, fossil fuels or waste-product combustion. Qualifying facility status exempts the projects from, among other things, many of the provisions of the Federal Power Act, as well as state laws and regulations relating to rates and financial or organizational regulation of electric utilities. 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.

FPL Energy continues to evaluate regional market redesigns of existing operating rules for the purchase and sale of energy commodities. During 2006, revised market rules for capacity were approved in the NEPOOL and PJM regions. California is scheduled to implement a revised market design no earlier than late 2008. ERCOT is considering adopting a revised market design with potential implementation in 2009. In the California and ERCOT markets, the final market design is not fully known at this time and FPL Energy is currently unable to determine the effects, if any, on its operations resulting from the implementation of such revised market designs.

Competition. Competitive wholesale markets in the United States continue to evolve and vary by geographic region. Revenues from electricity sales in these markets 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 and reliably, the price and supply of fuel, transmission constraints, wind and hydro resources (weather conditions), competition from new sources of generation, effective risk management, demand growth and exposure to legal and regulatory changes.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for FPL Energy. Opportunities exist for the selective acquisition of generation assets and for the construction and operation of efficient plants that can sell power in competitive markets. FPL Energy seeks to reduce 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. The major markets in which FPL Energy operates have shown signs of continued improvement since 2004, such as improved spark spreads and energy prices in ERCOT and NEPOOL. The combination of new wind projects, expected increase in contribution from merchant assets and asset acquisitions are expected to be the key drivers in supporting FPL Energy's growth over the next few years.

Portfolio by Category. FPL Energy's assets can be categorized into the following three groups: wind, contracted and merchant.

Wind Assets – At December 31, 2006, FPL Energy had ownership interests in wind plants with a combined capacity of approximately 4,016 mw (net ownership), of which approximately 77% have long-term contracts with utilities and power marketers predominantly under fixed-price agreements with expiration dates ranging from 2011 to 2031. The expected output of the remaining 23% is hedged against changes in commodity prices for at least five years. FPL Energy operates substantially all of these wind facilities. Approximately 93% of FPL Energy's net ownership in wind facilities has received exempt wholesale generator status as defined under the Holding Company Act. The remaining facilities have qualifying facility status under PURPA. FPL Energy's wind facilities are located in fifteen states, thereby reducing weather-related performance risk on a portfolio basis. FPL Energy plans to add a total of at least 1,500 mw of new wind generation over the 2007 and 2008 period, including approximately 450 mw which are currently under construction.

Contracted Assets – At December 31, 2006, FPL Energy had 2,469 mw of contracted assets. The contracted category includes all projects, other than wind, with contracts for substantially all of their output. Essentially all of these contracted assets were under power sales contracts with utilities, with contract expiration dates ranging from 2008 to 2020 and have firm fuel and transportation agreements with expiration dates ranging from 2007 to 2017. Approximately 1,776 mw of this capacity is gas-fired generation. The remaining 693 mw uses a variety of fuels and technologies such as nuclear, waste-to-energy, oil, solar, coal and petroleum coke. As of December 31, 2006, approximately 91% of FPL Energy's contracted generating capacity is from power plants that have received exempt wholesale generator status under the Holding Company Act, while the remaining 9% has qualifying facility status under PURPA.

Merchant Assets – At December 31, 2006, FPL Energy's portfolio of merchant assets includes 6,858 mw of owned nuclear, natural gas, oil and hydro generation, of which 2,700 mw is located in the ERCOT region, 2,686 mw in the NEPOOL region and 1,472 mw in other regions. The merchant assets include 898 mw of peak generating facilities. Merchant assets are plants that do not have long-term power sales agreements to sell their output and therefore require active marketing and hedging. Approximately 62% of the merchant assets have gas supply agreements or a combination of gas supply and transportation agreements to provide for on-peak gas requirements. Derivative instruments (primarily swaps, options and forwards) are used to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases. Reducing market risk through these instruments introduces other types of risk however, primarily counterparty and operational risks. See Energy Marketing and Trading.

Nuclear Operations. FPL Energy owns undivided interests in and operates two nuclear power plants, Seabrook, a 1,098 mw (net ownership) merchant power plant in New Hampshire, and Duane Arnold, a 424 mw (net ownership) power plant in Iowa which sells substantially all of its output under a long-term contract. FPL Energy is responsible for all plant operations and the ultimate decommissioning of the plants, the cost of which is shared on a pro-rata basis by the joint owners. See estimated decommissioning cost data in Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – FPL Energy. In December 2006, FPL Energy entered into an agreement to purchase another nuclear power plant, Point Beach. See the discussion of the Point Beach transaction below.

Seabrook completed the second phase of a power uprate in October 2006 which increased FPL Energy's net plant output to 1,098 mw. In December 2005, FPL Energy obtained NRC approval to extend Seabrook's operating license from 2026 to 2030 to recapture the period of non-operation from 1986 to 1990. FPL Energy intends to seek approval from the NRC to renew Seabrook's operating license for an additional 20 years. If granted, this approval would extend the term of the NRC operating license for Seabrook to 2050. Seabrook is periodically removed from service to accommodate normal refueling and maintenance outages, repairs and certain other modifications. The next refueling outage at Seabrook is scheduled for April 2008.

In 2003, the NRC issued an order requiring all pressurized water reactor licensees, including Seabrook, to perform visual and volumetric inspections of reactor vessel heads at certain scheduled refueling outages to identify if degradation such as cracking or corrosion has occurred. Seabrook performed 100% visual and volumetric inspections during its fall 2006 refueling outage, and no degradation was identified. Seabrook will be required to perform visual inspections every third refueling outage and volumetric inspections every fourth refueling outage.

In 2004, the NRC issued a bulletin requesting utilities to identify and inspect all alloy 600 and weld materials in all pressurizer locations and connected steam space piping. This issue impacts some pressurizer and reactor vessel penetrations at Seabrook. In order to meet industry requirements, FPL Energy is planning to repair Seabrook's pressurizer penetrations with alloy 600 weld materials during its April 2008 outage and begin inspections of the reactor vessel alloy 600 penetrations during the fall 2009 outage. The estimated cost of repairs is included in FPL Energy's estimated capital expenditures set forth in General above. Based on alloy 600 issues recently identified at another company's nuclear plant, the NRC may mandate that certain nuclear plants, including Seabrook, accelerate repairs to their pressurizer penetrations into 2007. Accelerated repairs at Seabrook would have an adverse effect on FPL Energy's 2007 results of operations.

In January 2006, FPL Energy completed the acquisition of Duane Arnold from Interstate Power and Light Company (IP&L), a subsidiary of Alliant Energy Corporation. In October 2006, Duane Arnold completed a power uprate which increased FPL Energy's net plant output to 424 mw. FPL Energy sells substantially all of its share of the output of Duane Arnold to IP&L

under a long-term contract expiring in 2014. FPL Energy expects to file for a license extension for Duane Arnold in 2009, which, if approved, will enable the plant to continue to operate for an additional 20 years beyond its current license expiration of 2014. Duane Arnold's most recent scheduled refueling outage began in February 2007, and the next one is expected to begin in January 2009.

FPL Energy's nuclear facilities have several contracts for the supply, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from 2007 to 2014. See Note 16 – Contracts. Currently, Seabrook and Duane Arnold are 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. The total cumulative amount of such fees paid to the DOE's nuclear waste fund for Seabrook and Duane Arnold, including amounts paid by all joint owners since the start of the plants' operations, is approximately $234 million, of which FPL Energy has paid approximately $35 million since the date of the plants' acquisition. FPL Energy through its ownership interest in Seabrook and Duane Arnold is involved in litigation against the DOE seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from the Seabrook and Duane Arnold facilities. The matter is pending. For details on the current status of permanent fuel storage with the DOE, see FPL Operations – Nuclear Operations. Based on current projections, FPL Energy will lose its ability to store spent fuel as early as 2009 at Seabrook and 2014 at Duane Arnold. FPL Energy is proceeding with a dry cask storage system at Seabrook which will be placed into commercial operation prior to 2009, the cost of which is included in FPL Energy's estimated capital expenditures set forth in General above. This would allow for all of Seabrook's spent fuel to be stored on site, including spent fuel storage through its license extension period of 2050, if granted. Duane Arnold currently is using both a spent fuel pool and a dry cask storage system and is making plans for additional dry cask storage modules to increase on site storage capability beginning in 2009, the estimated cost of which is included in FPL Energy's estimated capital expenditures set forth in General above.

In December 2006, FPL Energy entered into an agreement to purchase Point Beach, a two-unit, 1,033 mw nuclear power plant located in Wisconsin from Wisconsin Electric Power Company (Wisconsin Electric), a subsidiary of Wisconsin Energy Corporation. Under the agreement, FPL Energy will sell the output of Point Beach to Wisconsin Electric under a long-term contract. The duration of the contract will be, at the option of Wisconsin Electric, either through the current license terms of 2030 for Unit 1 and 2033 for Unit 2 or for a term of 16 or 17 years from the closing date for Units 1 and 2, respectively. FPL Energy will assume responsibility for decommissioning the plant. Also, upon closing, FPL Energy will assume management and operation of Point Beach. The transaction is subject to, among other things, the receipt of approvals from various federal and state regulatory agencies. FPL Energy expects to close the transaction in the third quarter of 2007.

Energy Marketing and Trading. PMI, a subsidiary of FPL Energy, buys and sells wholesale energy commodities, such as natural gas, oil and electricity. PMI procures natural gas and oil for FPL Energy's use in power generation, as well as substantially all of the electricity needs for FPL Energy's retail operations in Texas, which at December 31, 2006 served approximately 1,000 mw of peak load to approximately 185,000 customers. PMI also sells the output from FPL Energy's plants which has not been sold under long-term contracts and purchases replacement power when needed. PMI uses derivative instruments, such as swaps, options and forwards to manage the risk associated with fluctuating commodity prices and to optimize the value of FPL Energy's power generation assets. PMI also provides full energy and capacity requirements services to distribution utilities in certain markets and engages in energy trading activities to take advantage of expected future favorable price movements. Full energy and capacity requirements services include load-following services, which require the supplier of energy to vary the quantity delivered based on the load demand needs of the customer, as well as various ancillary services. At December 31, 2006, PMI provided full energy and capacity requirements services totaling approximately 3,500 mw of peak load in the NEPOOL, PJM and ERCOT markets. The results of PMI's activities are included in FPL Energy's operating results. See Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity, Note 1 – Energy Trading and Note 4.

Environmental. FPL Energy is subject to environmental laws and regulations and is affected by emerging issues included in the discussion of FPL Group's business (see FPL Group – Environmental). While the impact of final BART requirements of the Clean Air Visibility Rule are uncertain, it is possible that two of FPL Energy's BART eligible units located in Maine may be required to add additional emissions controls or switch fuels to meet the BART compliance requirements. In addition, pursuant to the rule under Section 316(b) of the Clean Water Act, two FPL Energy plants (Seabrook and an oil-fired plant in Maine) will be required to demonstrate that they currently meet, or will meet, the prescribed performance standards for the reduction of impingement and/or entrainment at their cooling water intakes through technology and/or operational measures; however, the final requirements are uncertain.

During 2006, FPL Energy spent approximately $3 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 $15 million for 2007 through 2009, including approximately $4 million in 2007, and are included in estimated capital expenditures set forth in General above.

Employees. FPL Energy had approximately 2,760 employees at December 31, 2006. Subsidiaries of FPL Energy have collective bargaining agreements with the IBEW in Maine and Iowa, the Security Police and Fire Professionals of America (SPFPA) in Iowa and the Utility Workers Union of America (UWUA) in Maine, which expire in February 2008, May 2011, July 2012 and December 2008, respectively. As of December 31, 2006, the IBEW in Maine and Iowa, the SPFPA and the UWUA represented approximately 3%, 6%, 3% and 7%, respectively, of FPL Energy's employees.

OTHER FPL GROUP OPERATIONS

FPL Group's Corporate and Other segment represents other business activities, primarily FPL FiberNet, that are not separately reportable. See Note 17.

FPL FiberNet. FPL FiberNet was formed in 2000 to enhance the value of FPL Group's fiber-optic network assets that were originally built to support FPL operations. Accordingly, in 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 customers, primarily telephone, internet and other telecommunications companies. Dark fiber in the Florida metropolitan (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, 2006, FPL FiberNet's network consisted of approximately 2,500 route miles, which interconnect major cities throughout Florida.

In light of recent significant changes in the business climate, FPL FiberNet performed an impairment analysis in the fourth quarter of 2006 and concluded that an impairment charge related to its metro market assets was necessary. The business climate changes include customer consolidations, migration to a more efficient form of networking technology and lack of future benefits to be achieved through competitive pricing, all of which have a negative impact on the value of FPL FiberNet's metro market assets. While the metro market business is expected to continue to generate positive cash flows, management's expectation of the rate of future growth in cash flow has been reduced as a result of these business climate changes. Accordingly, FPL FiberNet recorded an impairment charge of $98 million ($60 million after-tax).

At December 31, 2006, FPL Group's remaining investment in FPL FiberNet totaled approximately $130 million. FPL FiberNet invested approximately $14 million during 2006 and plans to invest a total of $57 million over the next five years to meet customers' specific requirements and sustain its fiber-optic network.

EXECUTIVE OFFICERS OF FPL GROUP [a]

Name	Age	Position	Effective Date
Paul I. Cutler	47	Treasurer and Assistant Secretary of FPL Group	February 19, 2003
		Treasurer and Assistant Secretary of FPL	February 18, 2003
F. Mitchell Davidson	44	President of FPL Energy	December 15, 2006
K. Michael Davis	60	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	51	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
Robert H. Escoto	53	Vice President, Human Resources of FPL Group	January 25, 2005
		Assistant Secretary of FPL Group	November 9, 2004
		Senior Vice President, Human Resources of FPL	February 21, 2005
		Assistant Secretary of FPL	January 25, 2005
Lewis Hay, III	51	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
Robert L. McGrath	53	Vice President, Engineering, Construction & Corporate Services of FPL Group	February 21, 2005
		Senior Vice President, Engineering, Construction & Corporate Services of FPL	February 21, 2005
Armando J. Olivera	57	President of FPL	June 24, 2003
James L. Robo	44	President and Chief Operating Officer of FPL Group	December 15, 2006
Antonio Rodriguez	64	Vice President, Power Generation Division of FPL Group	January 1, 2007
		Senior Vice President, Power Generation Division of FPL	July 1, 1999
John A. Stall	52	Vice President, Nuclear Division of FPL Group	January 1, 2007
		Senior Vice President, Nuclear Division of FPL	June 4, 2001
Edward F. Tancer	45	Vice President & General Counsel of FPL Group	February 21, 2005
		Assistant Secretary of FPL Group	January 1, 1997
		Senior Vice President & General Counsel of FPL	February 21, 2005
		Assistant Secretary of FPL	January 1, 1997

[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 1999 to February 2003. He was assistant treasurer of FPL from May 1997 to February 2003. Mr. Cutler has served as assistant secretary of FPL Group and FPL since December 1997. Mr. Davidson was senior vice president of business management of FPL Energy from March 2005 to December 2006. He was vice president of business management of FPL Energy from June 2004 to March 2005. From March 2001 to September 2003, Mr. Davidson was senior vice president, energy management of Duke Energy North America (Duke) where his primary responsibility was for the overall direction, profitability, growth and risk mitigation for Duke's trading business. Mr. Escoto was vice president, human resources of FPL from March 2004 to February 2005. Mr. Escoto has served as vice president, human resources of FPL Energy since April 2002. Prior to that, Mr. Escoto was director of human resources of FPL. Mr. Hay was president of FPL Group from June 2001 to December 2006. Mr. McGrath was senior vice president, engineering and construction of FPL from November 2002 to February 2005 and 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. Mr. Olivera was senior vice president, power systems of FPL from July 1999 to June 2003. Mr. Robo was president of FPL Energy from July 2002 to December 2006. He was also vice president, corporate development and strategy of FPL Group from March 2002 to December 2006. Prior to March 2002, Mr. Robo was president and chief executive officer of GE Capital TIP, a company that provides trailer and storage equipment services, and GE Capital Modular Space, a supplier of mobile and modular buildings. Mr. Tancer was associate general counsel of FPL Group from April 2003 to February 2005. He was also vice president and general counsel of FPL Energy from February 2001 to February 2005.

Item 1A. Risk Factors

Risks Relating to FPL Group's and FPL's Business

FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry and environmental matters. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.

- FPL Group and FPL are subject to complex laws and regulations, and to changes in laws or regulations, including the PURPA, the Holding Company Act, the Federal Power Act, the Atomic Energy Act of 1954, as amended, the 2005 Energy Act and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the FERC, the FPSC and the legislatures and utility commissions of other states in which FPL Group has operations, and the NRC, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, 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 by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, climate change, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

- FPL Group's and FPL's results of operations could be affected by FPL's ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.

- The operation and maintenance of power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout our generation fleets unless and until such defects are remediated, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an operating facility of FPL Energy may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL could be adversely affected.

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities within established budgets is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL.

- FPL Group and FPL use derivative instruments, such as swaps, options and forwards to manage their commodity and financial market risks. FPL Group provides full energy and capacity requirements services and engages in trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group.

- There are other risks associated with FPL Group's competitive energy business. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel (including transportation), transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair FPL Group's future financial results. In keeping with industry trends, a portion of FPL

Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

FPL Group's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry, in general, as well as the passage of the 2005 Energy Act. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL Group and FPL to grow their businesses and would likely increase interest costs.

- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group, FPL Group Capital and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase their interest costs.

Customer growth in FPL's service area affects FPL Group's and FPL's results of operations.

- FPL Group's and FPL's results of operations are affected by the growth in customer accounts in FPL's service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

Weather affects FPL Group's and FPL's results of operations.

- FPL Group's and FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. FPL Group's and FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. At FPL, recovery of these costs is subject to FPSC approval.

FPL Group and FPL are subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL Group and FPL in unpredictable ways.

- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the U.S., and the increased cost and adequacy of security and insurance.

The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.

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

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

- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the businesses and financial condition of FPL Group and FPL.

The risks described herein are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial, also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

FPL Group and its subsidiaries maintain properties which are adequate for their operations. At December 31, 2006, the electric generating, transmission, distribution and general facilities of FPL represented approximately 44%, 13%, 38% and 5%, respectively, of FPL's gross investment in electric utility plant in service.

Generating Facilities. At December 31, 2006, FPL Group had the following generating facilities:

FPL Facilities	Location	No. of Units	Fuel	Net Capability (mw) [a]
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	792
Cutler	Miami, FL	2	Gas	204
Manatee	Parrish, FL	2	Oil/Gas	1,638
Martin	Indiantown, FL	2	Oil/Gas	1,678
Port Everglades	Port Everglades, FL	4	Oil/Gas	1,219
Riviera	Riviera Beach, FL	2	Oil/Gas	565
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	250 [c]
Sanford	Lake Monroe, FL	1	Oil/Gas	138
Scherer	Monroe County, GA	1	Coal	646 [d]
Turkey Point	Florida City, FL	2	Oil/Gas	788
Combined-cycle				
Fort Myers	Fort Myers, FL	1	Gas	1,440
Lauderdale	Dania, FL	2	Gas/Oil	872
Manatee	Parrish, FL	1	Gas	1,104
Martin	Indiantown, FL	1	Gas/Oil	1,104
Martin	Indiantown, FL	2	Gas	956
Putnam	Palatka, FL	2	Gas/Oil	498
Sanford	Lake Monroe, FL	2	Gas	1,906
Simple-cycle combustion turbines				
Fort Myers	Fort Myers, FL	1	Gas/Oil	324
Gas turbines/diesels				
Fort Myers	Fort Myers, FL	12	Oil	648
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				20,981 [e]

(a) Represents FPL'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 JEA.
(d) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with JEA.
(e) Substantially all of FPL's properties are subject to the lien of FPL's mortgage.

FPL Energy Facilities	Location	No. of Units	Fuel	Net Capability (mw)[a]
Wind				
Cabazon	Riverside County, CA	53	Wind	40
Callahan Divide [b]	Taylor County, TX	76	Wind	114
Cerro Gordo [b]	Cerro Gordo County, IA	55	Wind	41
Delaware Mountain	Culberson County, TX	39	Wind	30
Diablo Wind	Alameda County, CA	31	Wind	21
Gray County	Gray County, KS	170	Wind	112
Green Mountain	Somerset County, PA	8	Wind	10
Green Power	Riverside County, CA	22	Wind	17
Green Ridge Power	Alameda & Contra Costa Counties, CA	1,463	Wind	80
Hancock County [b]	Hancock County, IA	148	Wind	98
High Winds [b]	Solano County, CA	90	Wind	162
Horse Hollow Wind [b]	Taylor County, TX	142	Wind	213
Horse Hollow Wind II [b]	Taylor & Nolan Counties, TX	130	Wind	299
Horse Hollow Wind III [b]	Nolan County, TX	149	Wind	224
Indian Mesa	Upton County, TX	125	Wind	83
King Mountain	Upton County, TX	215	Wind	281
Lake Benton II [b]	Pipestone County, MN	138	Wind	104
Meyersdale [b]	Somerset County, PA	20	Wind	30
Mill Run	Fayette County, PA	10	Wind	15
Montfort [b]	Iowa County, WI	20	Wind	30
Mountaineer [b]	Preston & Tucker Counties, WV	44	Wind	66
Mower County Wind	Mower County, MN	43	Wind	99
New Mexico [b]	Quay & Debaca Counties, NM	136	Wind	204
North Dakota [b]	LaMoure County, ND	41	Wind	62
Oklahoma / Sooner [b]	Harper & Woodward Counties, OK	68	Wind	102
Oliver County Wind	Oliver County, ND	22	Wind	51
Red Canyon Wind Energy [b]	Borden, Garza & Scurry Counties, TX	56	Wind	84
Sky River	Kern County, CA	342	Wind	77
Somerset Wind Power	Somerset County, PA	6	Wind	9
South Dakota [b]	Hyde County, SD	27	Wind	41
Southwest Mesa [b]	Upton & Crockett Counties, TX	107	Wind	75
Stateline [b]	Umatilla County, OR and Walla Walla County, WA	454	Wind	300
Vansycle [b]	Umatilla County, OR	38	Wind	25
Victory Garden	Kern County, CA	96	Wind	22
Waymart [b]	Wayne County, PA	43	Wind	65
Weatherford Wind [b]	Custer County, OK	98	Wind	147
Wilton Wind [b]	Burleigh County, ND	33	Wind	49
Windpower Partners 1991-92	Alameda & Contra Costa Counties, CA	279	Wind	14
Windpower Partners 1992	Alameda & Contra Costa Counties, CA	300	Wind	15
Windpower Partners 1994	Culberson County, TX	110	Wind	40
Woodward Mountain	Upton & Pecos Counties, TX	242	Wind	160
Wyoming [b]	Uinta County, WY	80	Wind	144
Windpower Partners 1993	Riverside County, CA	115	Wind	41
Windpower Partners 1993	Lincoln County, MN	73	Wind	26
Investments in joint ventures	Various	969	[c]	94
Total Wind				4,016
Contracted				
Bayswater [b]	Far Rockaway, NY	2	Gas	56
Calhoun [b]	Eastaboga, AL	4	Gas	668
Doswell [b]	Ashland, VA	6	Gas/Oil	708
Duane Arnold	Cedar Rapids, IA	1	Nuclear	424 [d]
Jamaica Bay [b]	Far Rockaway, NY	2	Oil/Gas	54
Port of Stockton	Stockton, CA	1	Coal/Petroleum Coke	44
Investments in joint ventures	Various	18	[e]	515
Total Contracted				2,469
Merchant				
Blythe Energy	Blythe, CA	3	Gas	507
Doswell – Expansion [b]	Ashland, VA	1	Gas/Oil	171
Forney	Forney, TX	8	Gas	1,700
Lamar Power Partners	Paris, TX	6	Gas	1,000
Maine	Various – ME	6	Oil	677 [f]
Maine	Various – ME	83	Hydro	361
Marcus Hook 50	Marcus Hook, PA	1	Gas	50
Marcus Hook 750 [b]	Marcus Hook, PA	4	Gas	744
RISEP [b]	Johnston, RI	3	Gas	550
Seabrook	Seabrook, NH	1	Nuclear	1,098 [g]
Total Merchant				6,858
TOTAL				13,343

(a) Represents FPL Energy's net ownership interest in plant capacity.
(b) These consolidated generating facilities are encumbered by liens against their assets securing various financings.
(c) Represents plants with no more than 50% ownership using wind technology.
(d) Excludes Central Iowa Power Cooperative and Cornbelt Power Cooperative's combined share of 30%.
(e) Represents plants with no more than 50% ownership using fuels and technologies such as gas, waste-to-energy, solar and coal.
(f) Excludes nine other energy-related partners' combined share of 34.9%.
(g) Excludes Massachusetts Municipal Wholesale Electric Company's, Taunton Municipal Lighting Plant's and Hudson Light & Power Department's combined share of 11.77%.

Transmission and Distribution. At December 31, 2006, FPL owned and operated the following electric transmission and distribution lines:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cables Miles
500 kv	1,106[a]	-
230 kv	2,904	25
138 kv	1,608	50
115 kv	750	-
69 kv	164	14
Less than 69 kv	41,619	24,679
Total	48,151	24,768

[a] Includes approximately 75 miles owned jointly with JEA.

In addition, at December 31, 2006, FPL owned and operated 558 substations, one of which is jointly owned. See Note 8.

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. 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. The majority of FPL Energy's generating facilities are held in fee and a number of those facilities are encumbered by liens against their assets securing various financings. Additionally, some of FPL Energy's wind turbines are located on land leased from owners of private property. See Generating Facilities and Note 1 – Electric Plant, Depreciation and Amortization.

Item 3. Legal Proceedings

In November 1999, the Attorney General of the United States, on behalf of the 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. The EPA further revised its civil penalty rule in February 2004, such that the maximum penalty is $32,500 per day for each violation after March 15, 2004. 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 opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals ruled on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative compliance 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 June 2003, the Eleventh Circuit issued its order dismissing the TVA's appeal because it found the provision of the Clean Air Act allowing the EPA to issue binding administrative compliance orders was unconstitutional, and hence found that the TVA order was a non-final order that courts of appeal do not have jurisdiction to review. In September 2003, the Eleventh Circuit denied the EPA's motion for rehearing. In May 2004, the U.S. Supreme Court denied the EPA's petition for review of the Eleventh Circuit order. The EPA has not yet moved to reopen the Georgia Power Company case.

In August 2001, FMPA filed with the U.S. 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. In 1993, FPL filed a comprehensive restructuring of its then-existing tariff structure. All issues in that case were settled in September 2000 except for three issues reserved by FMPA: (i) FMPA's request for transmission credits related to the costs of its transmission facilities (the crediting issue), (ii) treatment of behind-the-meter generation and load ratio pricing for network integration transmission service (the behind-the-meter issue), and (iii) exclusions from FPL's transmission rates of the costs of FPL's facilities that fail to meet the same integration test that was applied to FMPA's facilities with respect to the crediting issue (the rate base issue). The FERC and the DC Circuit have rejected FMPA's claim for transmission credits, which would have reduced FMPA's payment obligation to FPL for network integration transmission service.

With regard to the behind-the-meter issue, the FERC rejected FMPA's argument that its obligation to pay for network integration transmission service should be reduced to the extent that FPL allegedly cannot provide transmission service because of "physical transmission limitations." In June 2005, the DC Circuit remanded the case to the FERC for further consideration. In December 2005, the FERC issued an order on remand finding that load ratio share pricing is appropriate notwithstanding constraints on a third-party's system. In January 2006, FMPA filed a rehearing request of this order with the FERC, which the FERC denied in July 2006. FMPA submitted a petition for review of the FERC's December 2005 and July 2006 orders at the DC Circuit. A briefing schedule has not yet been established in that proceeding.

With regard to the rate base issue, in May 2004 FPL made a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test that was applied to the FMPA facilities. Pursuant to that filing, FPL's current network transmission rate would have been reduced by $0.02 per kilowatt (kw) per month. In June 2004, FMPA filed a protest to FPL's compliance filing, arguing that FPL's current network transmission rate should be reduced by approximately $0.41 per kw per month. In January 2005, the FERC issued an order on FPL's compliance filing. In the order, the FERC accepted FPL's standards for analyzing the transmission system and agreed that FPL's "Georgia Ties" and "Turkey Point Lines" are part of FPL's integrated grid. The FERC required FPL to make an additional compliance filing removing the cost of all radial transmission lines from transmission rates, analyzing the FPL transmission system to remove the cost of any transmission facilities that provide only "unneeded redundancy," and calculating rate adjustments using 1993 data rather than 1998 data. FPL made this compliance filing in April 2005, which would reduce FPL's current rate by $0.04 per kw per month. In May 2005, FMPA protested FPL's compliance filing and argued that FPL's rates should be reduced by an additional $0.20 per kw per month, potentially resulting in a refund obligation to FMPA of approximately $22 million at December 31, 2006. Any reduction in FPL's network service rate also would apply effective January 1, 2004 to Seminole Electric Cooperative Inc. (Seminole), FPL's other network customer. The potential refund obligation to Seminole based on FMPA's position is approximately $9 million at December 31, 2006.

In December 2005, the FERC issued an order accepting FPL's April 2005 compliance filing in part, rejecting it in part, and directing the submission of a further compliance filing. The FERC concluded that it is not clear whether FPL failed to test its non-radial facilities in a manner comparable to the way it tested FMPA's facilities. FPL filed a rehearing request in January 2006, which the FERC denied in July 2006. FPL filed a request for rehearing of the FERC's July 2006 order. In September 2006, FPL made the required compliance filing, removing additional transmission facilities from rates, which resulted in a refund liability of approximately $4 million to FMPA and approximately $1 million to Seminole at December 31, 2006. FMPA has protested FPL's filing, claiming again that FPL's rates should be reduced by an additional $0.20 per kw per month.

In 1995 and 1996, FPL Group, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. On June 24, 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against FPL Group and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest. FPL Group has filed an answer to the complaint. FPL Group believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from FPL Group, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. The case is in discovery and has been reset for trial in March 2008.

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, as subsequently amended, 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 January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. The appeal is pending before the U.S. Court of Appeals for the Eleventh Circuit.

In May 2003, Tish Blake and John Lowe, as personal representatives of the Estate of Ashton Lowe, on behalf of the estate and themselves, as surviving parents, brought an action in the U.S. District Court for the Southern District of Florida alleging that their son developed cancer (medulo-blastoma) 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 allegations, counts and damages demanded in the complaint, as subsequently amended, are virtually identical to those contained in the Finestone lawsuit described above. In January 2006,

the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. The appeal is pending before the U.S. Court of Appeals for the Eleventh Circuit.

In August 2003, Pedro C. and Emilia Roig brought an action on behalf of themselves and their son, Pedro Anthony Roig, in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (the state court), which was removed in October 2003 to the U.S. District Court for the Southern District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies and FPL, 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 power plants in southeast Florida. 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. The U.S. District Court remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until requested by the plaintiffs.

In December 2003, Edward and Janis Shiflett brought an action on behalf of themselves and their son, Phillip Benjamin Shiflett, in the Circuit Court of the Eighteenth Judicial Circuit in and for Brevard County, Florida (the state court), which was removed in January 2004 to the U.S. District Court for the Middle District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, FPL and the Orlando Utilities Commission, alleging that their son has suffered toxic neurological effects from mercury poisoning. The allegations, counts and damages demanded in the complaint with respect to FPL are virtually identical to those contained in the Roig lawsuit described above. FPL's motion to dismiss the complaint was denied. The U.S. District Court subsequently remanded the action back to the state court. The state court subsequently dismissed the drug manufacturing and distribution companies from the action. Plaintiffs' appeal of that order is pending before the Florida Fifth District Court of Appeal. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until requested by the plaintiffs.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (FPL Energy Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. The petition alleges that the FPL Energy Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of energy each year and that the FPL Energy Affiliates failed to meet this obligation. The plaintiff has asserted claims for breach of contract and declaratory judgment and seeks damages of approximately $34 million. The FPL Energy Affiliates filed their answer and counterclaim in November 2004, denying the allegations. The counterclaim, as now amended, asserts claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and seeks termination of the contract and damages. At the end of 2005, TXU amended its complaint to add FPL Group, FPL Energy, FPL Group Capital and ESI Energy, LLC (ESI Energy), as defendants. Motions to dismiss those entities as defendants were filed, and FPL Group, FPL Group Capital and ESI Energy have been dismissed. The case is in discovery and has been reset for trial in April 2007.

During 2006, a U.S. court judgment in favor of Karaha Bodas Company, LLC (KBC) totaling approximately $320 million, including interest, became final. FPL Energy owns an equity interest in KBC. The judgment related to proceedings initiated by KBC against PT Pertamina, Indonesia's state-owned oil/energy company to recover KBC's investment in a power generation project suspended indefinitely by the Indonesian government in 1998 and for lost profits. A portion of the final judgment, or approximately $290 million, was received by KBC in 2006, of which approximately $7 million was distributed to FPL Energy in May 2006 and approximately $90 million, FPL Energy's portion of the remaining funds, was distributed to FPL Energy in mid-February 2007. FPL Group recorded a $97 million pretax gain in equity in earnings of equity method investees in 2006 relating to the judgment. Also, during 2004, judgment funds of approximately $30 million were received by KBC, of which approximately $7 million was distributed to FPL Energy.

In September 2006, PT Pertamina filed an action against KBC in the Grand Court of the Cayman Islands for fraud and for an injunction prohibiting KBC from disposing of, dealing with or diminishing the value of any of KBC's assets up to the value of PT Pertamina's funds KBC received as a result of the court judgment (approximately $320 million) pending resolution of the fraud claim. FPL Energy's portion of the damages being sought is approximately $145 million. KBC sought and in December 2006 received from the U.S. District Court for the Southern District of New York an anti-suit injunction against the plaintiff, prohibiting the plaintiff from pursuing the fraud action, or any similar action, and the request for injunctive relief in the Cayman court or any other court worldwide. The plaintiff's appeal of that order to the U.S. Court of Appeals for the Second Circuit is pending. In January 2007, the district court granted plaintiff's motion for stay pending appeal prohibiting the judgment funds from being distributed to KBC's owners, and in mid-February 2007, the U.S. Court of Appeals for the Second Circuit lifted the stay and the judgment funds of approximately $265 million were distributed.

In addition to those legal proceedings discussed above, 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. Generating plants in which FPL Group or FPL have an ownership interest are also involved in legal proceedings and claims, the liabilities from which, if any, would be shared by FPL Group or FPL.

In the event that FPL Group and FPL, or their affiliates, 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, or their affiliates, have meritorious defenses to all the pending litigation and proceedings discussed above under the heading Legal Proceedings and are vigorously defending the lawsuits. While management is unable to predict with certainty the outcome of the legal proceedings and claims discussed or described herein, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of FPL Group or FPL.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of FPL Group's shareholders was held on December 15, 2006. Of the 404,915,470 shares of common stock outstanding on the record date of October 25, 2006, a total of 347,815,519 shares (or 85.9% of the outstanding shares) were represented in person or by proxy.

The following directors were elected effective December 15, 2006:

	For	Withheld
Sherry S. Barrat	342,489,549	5,325,970
Robert M. Beall, II	341,620,508	6,195,011
J. Hyatt Brown	290,711,809	57,103,710
James L. Camaren	342,601,389	5,214,130
J. Brian Ferguson	342,482,604	5,332,915
Lewis Hay, III	340,759,425	7,056,094
Rudy E. Schupp	342,625,649	5,189,870
Michael H. Thaman	342,505,153	5,310,366
Hansel E. Tookes, II	342,437,527	5,377,992
Paul R. Tregurtha	340,822,923	6,992,596

The vote ratifying the appointment of Deloitte & Touche LLP as FPL Group's independent registered public accounting firm was 342,961,240 for, 1,830,348 against and 3,023,931 abstaining.

PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

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:

	2006		2005	
Quarter	High	Low	High	Low
First	$ 43.42	$ 38.85	$ 41.38	$ 35.90
Second	$ 41.97	$ 37.81	$ 42.72	$ 39.16
Third	$ 45.87	$ 40.59	$ 48.11	$ 40.30
Fourth	$ 55.57	$ 44.97	$ 48.05	$ 40.75

Approximate Number of Shareholders. As of the close of business on January 31, 2007, there were 30,981 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 per share:

Quarter	2006	2005
First	$ 0.375	$ 0.355
Second	$ 0.375	$ 0.355
Third	$ 0.375	$ 0.355
Fourth	$ 0.375	$ 0.355

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 (generally 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, among other things, dividends paid to it by its subsidiaries. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group. In February 2007, FPL Group announced that it would increase its quarterly dividend on its common stock from $0.375 to $0.41 per share. See Management's Discussion – Liquidity and Capital Resources – Covenants with respect to dividend restrictions and Note 12 – Common Stock Dividend Restrictions regarding dividends paid by FPL to FPL Group.

Issuer Purchases of Equity Securities. The following table presents information regarding purchases made by FPL Group of its common stock:

Period	Total Number of Shares Purchased [a]	Average Price Paid Per Share [a]	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program [b]
10/1/06 – 10/31/06	5,747	$ 46.96	-	20,000,000
11/1/06 – 11/30/06	19,223	$ 53.14	-	20,000,000
12/1/06 – 12/31/06	2,421	$ 54.82	-	20,000,000
Total	27,391		-	

(a) Shares of common stock purchased from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the LTIP.

(b) In February 2005, FPL Group's board of directors authorized a common stock repurchase plan of up to 20 million shares of common stock over an unspecified period, which authorization was ratified and confirmed by FPL Group's board of directors in December 2005.

Item 6. Selected Financial Data

	Years Ended December 31,				
	2006	2005[a]	2004[a]	2003[a]	2002[a]
SELECTED DATA OF FPL GROUP (millions, except per share amounts):					
Operating revenues	$ 15,710	$ 11,846	$ 10,522	$ 9,630	$ 8,173
Income before cumulative effect of changes in accounting principles	$ 1,281[b]	$ 901[c]	$ 896[d]	$ 906[c]	$ 701[e]
Cumulative effect of adopting FAS 142, net of income taxes of $143	$ -	$ -	$ -	$ -	$ (222)
Cumulative effect of adopting FIN 46, net of income taxes of $2	$ -	$ -	$ -	$ (3)	$ -
Net income	$ 1,281[b]	$ 901[c]	$ 896[d]	$ 903[f]	$ 479[g]
Earnings per share of common stock – basic:					
Earnings per share before cumulative effect of changes in accounting principles	$ 3.25[b]	$ 2.37[c]	$ 2.50[d]	$ 2.55[c]	$ 2.02[e]
Cumulative effect of changes in accounting principles	$ -	$ -	$ -	$ (0.01)	$ (0.64)
Earnings per share	$ 3.25[b]	$ 2.37[c]	$ 2.50[d]	$ 2.54[f]	$ 1.38[g]
Earnings per share of common stock – assuming dilution:					
Earnings per share before cumulative effect of changes in accounting principles	$ 3.23[b]	$ 2.34[c]	$ 2.48[d]	$ 2.54[c]	$ 2.02[e]
Cumulative effect of changes in accounting principles	$ -	$ -	$ -	$ (0.01)	$ (0.64)
Earnings per share	$ 3.23[b]	$ 2.34[c]	$ 2.48[d]	$ 2.53[f]	$ 1.38[g]
Dividends paid per share of common stock	$ 1.50	$ 1.42	$ 1.30	$ 1.20	$ 1.16
Total assets [h]	$ 35,991	$ 32,990	$ 28,324	$ 26,955	$ 23,184
Long-term debt, excluding current maturities [h]	$ 9,591	$ 8,039	$ 8,027	$ 8,723	$ 5,790
Obligations of FPL under capital lease, excluding current maturities [h]	$ -	$ -	$ -	$ -	$ 140
SELECTED DATA OF FPL (millions):					
Operating revenues	$ 11,988	$ 9,528	$ 8,734	$ 8,293	$ 7,378
Net income available to FPL Group	$ 802	$ 748	$ 749	$ 733	$ 717
Total assets [h]	$ 23,073	$ 22,726	$ 19,114	$ 17,817	$ 16,032
Long-term debt, excluding current maturities [h]	$ 4,214	$ 3,271	$ 2,813	$ 3,074	$ 2,364
Energy sales (kwh)	107,513	105,648	103,635	103,202	98,605
Energy sales:					
Residential	50.8%	51.4%	50.7%	51.8%	51.6%
Commercial	41.4	41.1	40.6	40.1	40.6
Industrial	3.8	3.7	3.8	3.9	4.1
Interchange power sales	2.1	2.0	2.9	2.3	1.8
Other [i]	1.9	1.8	2.0	1.9	1.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (mw): [j]					
Summer season	21,819	22,361	20,545	19,668	19,219
Winter season	17,260	19,683	18,108	15,989	20,190
Average number of customer accounts (thousands):					
Residential	3,906	3,828	3,745	3,653	3,566
Commercial	479	470	458	445	435
Industrial	21	20	19	17	16
Other	4	4	3	2	3
Total	4,410	4,322	4,225	4,117	4,020
Average price billed to customers (cents per kwh)	11.14	8.88	8.36	7.95	7.32

(a) Amounts have been adjusted to reflect the retrospective application of a FASB Staff Position related to planned major maintenance activities. See Note 1 – Major Maintenance Costs.

(b) Includes merger-related expenses, net unrealized mark-to-market gains associated with non-qualifying hedges, impairment charges and an Indonesian project gain.

(c) Includes net unrealized mark-to-market gains or losses associated with non-qualifying hedges.

(d) Includes impairment and restructuring charges and net unrealized mark-to-market losses associated with non-qualifying hedges.

(e) 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-qualifying hedges.

(f) Includes the cumulative effect of an accounting change and net unrealized mark-to-market gains associated with non-qualifying hedges.

(g) 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-qualifying hedges.

(h) Reflects the adoption of FIN 46 in July 2003.

(i) Includes the net change in unbilled sales.

(j) Winter season includes November and December of the current year and January to March of the following year (for 2006, through February 26, 2007).

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.

Overview

FPL Group is one of the nation's largest providers of electricity-related services. Its principal subsidiary, FPL, serves more than 8.5 million people throughout most of the east and lower west coasts of Florida. FPL Energy, FPL Group's competitive energy subsidiary, produces electricity primarily utilizing natural gas, wind and nuclear resources. Together, FPL's and FPL Energy's generating assets represented approximately 34,300 mw of capacity at December 31, 2006. FPL FiberNet provides fiber-optic services to FPL, telecommunications companies and other customers throughout Florida.

FPL obtains its operating revenues primarily from the retail sale of electricity. FPL expects the 2005 rate agreement to be in effect through December 31, 2009. See Note 1 – Revenues and Rates. Over the last ten years, FPL's average annual customer growth has been 2.2% while usage growth per customer has been 0.7%. FPL is meeting the increased electricity demands of its customers by adding to its generation capacity and electric transmission and distribution infrastructure. FPL is currently constructing Turkey Point Unit No. 5, a 1,144 mw natural gas-fired combined-cycle plant, which is expected to be in service in the second quarter of 2007, for a total investment of approximately $580 million. FPL's expects to build two approximately 1,220 mw natural gas-fired combined-cycle units in western Palm Beach County, Florida with planned in-service dates of 2009 and 2010 at an expected cost of approximately $1.3 billion. In addition, FPL filed a need application with the FPSC in 2007 to build two ultra super critical pulverized coal generating units totaling approximately 1,960 mw in Glades County, Florida with planned in-service dates of 2013 and 2014 at an expected cost of approximately $5.7 billion. FPL is in the process of evaluating the economics, risks and advisability, among other things, of potentially building a new nuclear power plant in its service area. FPL's business strategy is to continue meeting the increased demands of customers in a safe, reliable, cost-effective manner while focusing on operating performance.

FPL's O&M expenses again increased in 2006 reflecting higher transmission and distribution costs and the cost of FPL's Storm Secure Plan, as well as higher nuclear, customer service and employee medical costs. In addition, in 2006 the FPSC applied a different standard for recovery of 2005 storm costs than was used for the 2004 storm costs and, accordingly, FPL expensed approximately $27 million, after-tax and net of interest, of disallowed 2005 storm costs. Management expects O&M expenses in 2007 to continue trending upward reflecting as much as a $30 million increase in Storm Secure Plan costs, higher fossil generation costs reflecting the placement of Turkey Point Unit No. 5 into service, and higher employee benefit, customer service and insurance costs.

FPL Energy is in the competitive energy business with the majority of its operating revenues derived from wholesale electricity sales. Its business strategy is to maximize the value of its current portfolio, expand its U.S. market-leading wind position and build its portfolio through asset acquisitions. FPL Energy's market is diversified by region as well as by fuel source. FPL Energy sells a large percentage of its expected capacity to hedge against price volatility. If FPL Energy's plants do not perform as expected, this high degree of hedging could result in FPL Energy being required to purchase power at potentially higher market prices to meet its contractual obligations. FPL Energy's energy marketing and trading business is focused on reducing commodity price risk and extracting maximum value from its assets. FPL Energy, through its subsidiaries, is one of the largest producers of wind energy in the world, and with the extension of the production tax credit program through December 2008, plans to continue expanding its wind portfolio in 2007 and 2008 through construction of new facilities and selective acquisitions.

FPL Group and its subsidiaries segregate unrealized mark-to-market gains and losses on derivative transactions into two categories. The first category, referred to as trading 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 second category, referred to as non-qualifying 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," as amended) and the ineffective portion of transactions accounted for as cash flow hedges. FPL Group uses derivative instruments to reduce its commodity price and interest rate risk.

FPL Group's management uses earnings excluding certain items (adjusted earnings), which in 2006 were the unrealized mark-to-market effect of non-qualifying hedges and merger-related expenses, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as inputs in determining whether performance targets are met for performance-based compensation under FPL Group's employee incentive compensation plans. FPL Group also uses adjusted earnings when communicating its earnings outlook to investors. FPL Group's management believes adjusted earnings provide a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income in accordance with generally accepted accounting principles, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing.

FPL Group and FPL adopted a FASB Staff Position (FSP) related to planned major maintenance activities (Major Maintenance FSP) effective December 31, 2006. The Major Maintenance FSP eliminates the accrue-in-advance method for recognizing costs associated with planned major maintenance activities. This FSP requires retrospective application and, accordingly, all prior period reported results of FPL Group and FPL Energy have been adjusted to reflect this change. FPL will continue to apply the accrue-in-advance method in accordance with regulatory treatment and, accordingly, this change resulted in the reclassification of its accrued major maintenance costs to a regulatory liability. See Note 1 – Major Maintenance Costs.

Results of Operations

Summary – Presented below is a summary of net income by reportable segment (see Note 17):

	Years Ended December 31,		
	2006	2005	2004
		(millions)	
FPL	$ 802	$ 748	$ 749
FPL Energy	610	203	181
Corporate and Other	(131)	(50)	(34)
FPL Group Consolidated	$ 1,281	$ 901	$ 896

FPL's 2006 improved results reflect lower depreciation and amortization expense and customer growth partly offset by the expensing of disallowed 2005 storm costs and higher O&M expenses. FPL's results for 2005 reflect strong customer growth and higher average electricity usage per retail customer despite the impact of increased hurricane activity, which were more than offset by higher O&M expenses, depreciation and amortization expense and interest charges.

FPL Energy's 2006 results reflect an approximately $97 million gain ($63 million after-tax) resulting from a court judgment relating to an Indonesian project that was suspended in 1998, additional earnings from new investments and improved results from the existing portfolio. FPL Energy's 2005 results improved primarily due to improved market conditions and the favorable effects of contract restructuring activities and asset sales, as well as project additions partially offset by higher interest expense. In addition, FPL Group's and FPL Energy's net income for 2006 reflect net unrealized after-tax gains from non-qualifying hedges of $92 million while 2005 and 2004 net income reflect net unrealized after-tax losses from non-qualifying hedges of $112 million and $3 million, respectively. While the unrealized marked-to-market gains and losses on non-qualifying hedge activity may be significant in any given period, the cumulative impact on FPL Group's balance sheet at December 31, 2006 was not material. The change in unrealized mark-to-market activity is primarily attributable to changes in forward power and natural gas prices, as well as the reversal of previously recognized unrealized mark-to-market gains/losses as the underlying transactions are realized. As a general rule, a gain (loss) in the non-qualifying hedge category is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under generally accepted accounting principles.

Results for Corporate and Other in 2006 reflect a $98 million ($60 million after-tax) impairment charge related to FPL FiberNet's metro market assets as a result of significant changes in the business climate in which FPL FiberNet operates. In addition, Corporate and Other's 2006 results reflect approximately $14 million of after-tax merger costs associated with the proposed merger between FPL Group and Constellation Energy, which was terminated in October 2006. See Note 2 for information about the terminated merger, Note 5 – Corporate and Other for FPL FiberNet impairment charge and Note 17 for segment information.

FPL Group's effective tax rate for all periods presented reflects PTCs for wind projects at FPL Energy. PTCs can significantly affect FPL Group's effective tax rate depending on the amount of pretax income and wind generation. See Note 1 – Income Taxes and Note 6.

FPL – FPL's net income available to FPL Group for 2006, 2005 and 2004 was $802 million, $748 million and $749 million, respectively. During 2006, FPL's net income benefited from lower depreciation and amortization expense, continued customer growth and certain federal income tax deductions and credits. These factors were partially offset by higher O&M and property tax expenses, the disallowance of certain storm costs and a slight decline in customer usage. During 2005, FPL's net income benefited from strong customer growth and increased customer usage due to overall improved weather conditions. However, the impact of increased hurricane activity, higher depreciation and amortization expense and increased O&M and interest expenses more than offset these benefits.

In the second quarter of 2006, when considering FPL's petition to recover 2005 storm costs, the FPSC applied a different standard for recovery of 2005 costs than was used for recovery of the 2004 storm costs. This resulted in certain adjustments and disallowances of storm costs that FPL sought to recover, which reduced FPL Group's and FPL's 2006 net income by approximately $27 million.

In 2005, the FPSC approved the 2005 rate agreement regarding FPL's retail base rates signed by FPL and all of the interveners in its 2005 rate case filing. FPL expects the 2005 rate agreement to be in effect through December 31, 2009. The 2005 rate agreement replaced a rate agreement that was effective April 15, 2002 through December 31, 2005.

The 2005 rate agreement provides that retail base rates will not increase during the term of the agreement except to allow recovery of the revenue requirements of any power plant approved pursuant to the Siting Act that achieves commercial operation during the term of the 2005 rate agreement. Retail base rates will increase approximately $127 million on an annualized basis when Turkey Point Unit No. 5 is placed in service, which is expected to occur in the second quarter of 2007. The 2005 rate agreement also continues the revenue sharing mechanism in FPL's 2002 rate agreement, whereby revenues from retail base operations in excess of certain thresholds will be shared with customers on the basis of two-thirds

refunded to customers and one-third retained by FPL. Revenues from retail base operations in excess of a second, higher threshold (cap) will be refunded 100% to customers. The revenue sharing threshold and cap is adjusted each year. For the years ended December 31, 2006, 2005 and 2004, revenues from retail base operations did not exceed the thresholds for those years. See Note 1 – Revenues and Rates for information on the calculation of the threshold and cap and for information on FPL's regulatory ROE.

The 2005 rate agreement, among other things, requires FPL to use electric property depreciation rates based upon comprehensive depreciation studies filed with the FPSC in March 2005 and permits FPL to continue to reduce annual depreciation by up to $125 million, which FPL has been doing since 2002. The 2005 rate agreement suspended contributions of approximately $79 million per year to the nuclear decommissioning fund beginning in September 2005. The 2005 rate agreement also suspended, beginning in 2006, contributions of $20.3 million per year to the storm and property insurance reserve but allows FPL to recover prudently incurred storm restoration costs, either through securitization pursuant to a state financing statute or surcharges.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2006	2005	2004
		(millions)	
Retail base	$ 3,657	$ 3,658	$ 3,548
Fuel cost recovery	6,573	4,283	3,877
Other cost recovery clauses and pass-through costs	1,588	1,368	1,122
Other, primarily gas, transmission and wholesale sales and customer-related fees	170	219	187
Total	$ 11,988	$ 9,528	$ 8,734

For the year ended December 31, 2006, an increase in the average number of customers of 2.0% increased retail base revenues by approximately $74 million. During this period, usage per retail customer decreased 0.4% primarily due to warmer weather experienced in 2005 and the elasticity effect on customers of higher electricity prices in 2006 reflecting the increase in FPL's retail fuel clause recovery factor as discussed below. This decrease in usage per retail customer was partly offset by the absence of hurricane activity in 2006 compared to the 2005 activity that caused customer service interruptions throughout FPL's service territory. This usage decrease, as well as other factors, decreased retail base revenues by approximately $23 million. In addition, under the 2005 rate agreement, FPL was authorized by the FPSC to collect, through a separate charge on a customer bill, the portion (approximately 1.5%) of gross receipts taxes that was previously embedded in base rates. This resulted in an approximately $52 million reduction in retail base revenues with a corresponding increase in revenues from other cost recovery clauses and pass-through costs.

For the year ended December 31, 2005, a 2.3% increase in the average number of customer accounts increased revenue from retail base operations by approximately $82 million while the balance of the increase, or $28 million, was primarily due to a 0.5% increase in usage per retail customer. The majority of the growth in usage was due to the effects of overall improved weather conditions which was partially offset by increased hurricane activity in 2005 that caused customer service interruptions throughout FPL's service territory. The 2005 and 2004 hurricanes resulted in lost revenues of approximately $52 million and $38 million, respectively.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm cost recoveries, do not significantly affect net income; however, underrecovery or overrecovery of such costs can significantly affect FPL Group's and FPL's operating cash flows. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense, as well as by changes in energy sales. Fluctuations in other cost recovery clauses and pass-through costs revenues are primarily driven by changes in capacity charges, franchise fee costs and storm reserve deficiency amortization, and the impact of changes in O&M and depreciation expense on the underlying cost recovery clause, as well as changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes, respectively, in the consolidated statements of income.

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. FPL utilizes an FPSC approved risk management fuel procurement program, which is intended to reduce the risk of unexpected fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The results of the program are reviewed by the FPSC as part of the annual review of fuel costs. In response to higher fuel prices, in January 2006 and January 2005 the retail fuel clause recovery factor was increased approximately 46% and 7%, respectively. This was the primary contributor to the increase in fuel cost recovery revenues in 2006 and 2005. The retail fuel clause recovery factor for 2007 was reduced approximately 7.2% in January 2007 primarily in response to expected fuel price changes. This factor will decline again by another 2.3% during the second quarter of 2007 when Turkey Point Unit No. 5 is placed in service, although a typical 1,000 kwh residential bill will remain the same because the previously discussed base rate increase for this unit will offset the fuel clause recovery factor decline. In February 2005, FPL began recovering the 2004 storm restoration cost deficiency from retail customers. These revenues are included in other cost recovery clauses and pass-through costs. For the years ended December 31, 2006 and 2005, the amount billed to customers related to these storm

restoration cost recoveries amounted to approximately $151 million and $155 million, respectively, and the corresponding expense for the amortization of the storm reserve deficiency is shown as a separate line on the consolidated statements of income. For further discussion, see Note 1 – Storm Reserve Deficiency.

The decrease in other revenues in 2006 is primarily due to the transfer, effective January 1, 2006, of FPL's retail gas contracts to a subsidiary of FPL Group Capital, which also reduced FPL's fuel expense by approximately $64 million for the year ended December 31, 2006. The increase in other revenues in 2005 was primarily due to higher retail gas revenues.

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2006	2005	2004
		(millions)	
Fuel and energy charges during the period	$ 5,662	$ 5,213	$ 3,742
Recovery of costs incurred in a prior period	743	140	345
Net over (under) recovery of costs during the period	194	(1,027)	(188)
Other, primarily capacity charges net of any capacity deferral	517	584	568
Total	$ 7,116	$ 4,910	$ 4,467

Effective January 2006, FPL's fuel clause recovery factor was increased in response to higher expected fuel prices in 2006, as well as the recovery of a portion of underrecovered fuel costs from 2005. The increase in the fuel factor was the primary contributor to the $935 million decrease in deferred clause and franchise expenses (current and noncurrent, collectively) on FPL Group's and FPL's consolidated balance sheets at December 31, 2006, and positively affected FPL Group's and FPL's cash flows from operations for the year ended December 31, 2006. The increase in fuel and energy charges in 2006 reflects higher fuel and energy prices of approximately $415 million and approximately $98 million attributable to higher energy sales partly offset by approximately $64 million related to the transfer of FPL's retail gas business. The increase in fuel and energy charges in 2005 reflects higher fuel energy prices of approximately $1,352 million, approximately $98 million attributable to higher energy sales and $21 million related to higher retail gas costs. The recovery of costs incurred in a prior period represents the collection of underrecovered fuel costs the FPSC permitted FPL to start collecting at the beginning of the year. The net overrecovery (underrecovery) of costs during the period represents fuel clause collections from customers which were higher (lower) than fuel and energy costs incurred.

FPL's O&M expenses increased approximately $67 million in 2006 primarily due to higher transmission and distribution costs and costs associated with FPL's Storm Secure Plan totaling approximately $39 million, higher nuclear costs of approximately $38 million, excluding the sleeving and reactor vessel head amortization cost reductions discussed below, and higher employee benefit costs, primarily medical, of approximately $10 million. In addition, customer service costs increased approximately $19 million reflecting additional staffing needs and higher uncollectible accounts as a result of higher customer bills. These factors were partially offset by the suspension in 2006 of approximately $20 million of contributions to the storm and property insurance reserve in accordance with the 2005 rate agreement. The increase in nuclear costs were substantially offset by a partial reversal in 2006 of sleeving costs recorded in 2005 that FPL expected to spend, but did not, during the spring 2006 outage of the St. Lucie Unit No. 2 nuclear plant in order to comply with the NRC regulations concerning tube plugging in the unit's two steam generators and by lower reactor vessel head amortization costs. The reactor vessel head inspection costs reflect the amortization over a five-year period that began in 2002, as authorized by the FPSC, of the estimated cost of performing inspections for cracks and corrosion and making any necessary repair to the reactor vessel heads at all four of FPL's nuclear facilities until replacement. No cracking was detected and no repairs were needed to the reactor vessel head during the spring 2006 outage at St. Lucie Unit No. 2. The reactor vessel heads at FPL's three other nuclear units were replaced in 2004 and 2005. FPL intends to replace the reactor vessel head and the steam generators at St. Lucie Unit No. 2 during its fall 2007 scheduled refueling outage. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income. Management expects O&M in 2007 to continue trending upward reflecting as much as a $30 million increase in Storm Secure Plan costs, higher fossil generation costs reflecting the placement of Turkey Point Unit No. 5 into service, and higher employee benefit, customer service and insurance costs.

FPL's O&M expenses increased approximately $79 million in 2005 primarily due to higher employee benefit expenses of approximately $28 million, higher nuclear maintenance costs of approximately $19 million and higher fossil generation costs of approximately $18 million, as well as the absence of a $21 million settlement related to shareholder litigation which reduced O&M expenses in 2004. In addition, part of the O&M expense increase relates to approximately $17 million of expenses associated with increased nuclear security costs which are recovered through the capacity clause. The overall increase in O&M expenses was partially offset by a reversal of a prior year reserve of approximately $15 million related to 2004 storm costs that were subsequently determined to be recoverable pursuant to a 2005 FPSC order. Increased employee benefits expenses are primarily associated with the absence of a pension transition credit that was fully amortized by the end of 2004 and higher employee costs. The increase in fossil generation expense relates primarily to the introduction of the Martin and Manatee expansion as well as the timing of overhaul maintenance at some of the older generating units.

Depreciation and amortization expense for the year ended December 31, 2006 decreased $164 million primarily benefiting from lower depreciation rates and the elimination of the decommissioning accrual approved as part of the 2005 rate agreement (a collective benefit of approximately $242 million). This reduction in depreciation rates applied to substantially all power plant

assets including Turkey Point Units Nos. 3 and 4 and St. Lucie Units Nos. 1 and 2, which have received 20-year license extensions. This was partially offset by FPL's continued investment in transmission and distribution facilities to support customer growth and demand (approximately $31 million), depreciation from the addition of two new generating units at FPL's existing Martin and Manatee power plant sites which became operational on June 30, 2005 (approximately $23 million) and increased nuclear depreciation related to plant additions (approximately $24 million). FPL expects to place Turkey Point Unit No. 5, a 1,144 mw natural gas-fired generating unit, into service during the second quarter of 2007. For the year ended December 31, 2005, depreciation and amortization expense increased by $36 million, of which approximately $23 million related to the addition of the two new generating units at the Martin and Manatee power plant sites. The remainder of the increase was primarily due to FPL's continued investment in transmission and distribution expansion to support customer growth and demand. The increase in depreciation and amortization expense was partially offset by the suspension, in September 2005, of FPL's nuclear decommissioning accrual which totaled approximately $79 million annually.

Taxes other than income taxes increased $187 million and $49 million for 2006 and 2005, respectively, primarily due to higher franchise fees and revenue taxes, which are pass-through costs, as a result of increases in fuel and other cost recovery clause revenues. In both 2006 and 2005, taxes other than income taxes also included higher property taxes reflecting growth in property balances.

Interest charges for 2006 and 2005 increased primarily due to higher average debt balances used to fund increased investment in generation, transmission and distribution expansion, and to pay for unrecovered fuel and storm restoration costs. In addition, average interest rates in 2006 and 2005 increased approximately 20 basis points and 30 basis points, respectively. The decline in AFUDC in both 2006 and 2005 is primarily attributable to the placement of the additional Martin and Manatee units in service on June 30, 2005, partially offset by increased AFUDC on Turkey Point Unit No. 5. Interest income, included in other – net in FPL's consolidated statements of income, increased in 2006 and 2005 by approximately $16 million and $14 million, reflecting higher interest accrued on the unrecovered balance of the storm reserve deficiency. In 2005, interest income included interest on deferred costs associated with nuclear security, as approved by the FPSC.

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. The FERC has jurisdiction over potential changes that could affect competition in wholesale transactions. In 2006, 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. Management believes it is unlikely there will be any state actions to restructure the retail electric industry in Florida in the near future. If 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 Critical Policies and Estimates – Regulatory Accounting.

In September 2006, the FPSC granted FPL an exemption from the FPSC's bid rule for two ultra super critical pulverized coal generating units, totaling approximately 1,960 mw and in February 2007, FPL filed a need application with the FPSC to build these units in Glades County, Florida with expected operational dates of 2013 and 2014. Effective February 2007, the FPSC eliminated the requirement for utilities to issue an RFP for new nuclear power plants sited after June 2006. Also in February 2007, the FPSC approved a nuclear cost recovery rule that provides for the recovery of all prudently incurred costs for siting, designing, licensing and constructing new nuclear power plants. FPL is in the process of evaluating the economics, risks and advisability, among other things, of potentially building a new nuclear power plant in its service area.

FPL Energy – FPL Energy's net income for 2006, 2005, and 2004 was $610 million, $203 million and $181 million, respectively, an increase in 2006 of $407 million and an increase in 2005 of $22 million. The net income amounts have been adjusted to reflect the retrospective application of the Major Maintenance FSP. See Note 1 – Major Maintenance Costs. The primary drivers, on an after-tax basis, of these increases were as follows:

	Years Ended December 31,	
	2006	2005
	(millions)	
New investments [a]	$ 112	$ 15
Existing assets [a]	54	87
Full energy and capacity requirements services and trading	26	(2)
Restructuring activities and asset sales	(20)	74
Indonesian project gain	63	(5)
Interest expense and other	(32)	(38)
Change in unrealized mark-to-market non-qualifying hedge activity [b]	204	(109)
Net income increase	$ 407	$ 22

(a) Includes PTCs on wind projects but does not include allocation of interest expense or corporate general and administrative expenses. See Note 1 – Income Taxes. Results from new projects are included in new investments during the first twelve months of operation. A project's results are included in existing assets beginning with the 13th month of operation.

(b) For discussion of derivative instruments, see Note 4 and Overview.

The increase in FPL Energy's 2006 results from new investment reflects the addition of over 1,800 mw of wind, nuclear and solar generation during or after 2005. The 2005 increase reflects over 1,300 mw of gas-fired, wind and solar generation during or after 2004. The 2005 contribution was partially offset by losses associated with Gexa, a retail electric provider in Texas acquired in June 2005.

In 2006, FPL Energy's existing asset portfolio benefited from improved market conditions in the NEPOOL, ERCOT and PJM regions and a higher wind resource. This was partially offset by the unfavorable impact of a longer refueling outage in 2006 as compared to 2005 at the Seabrook nuclear facility. In addition, included in the existing assets line item was a $4 million after-tax ($8 million pretax) impairment charge recorded by FPL Energy in 2006 related to a California coal plant. See Note 5 – FPL Energy. In 2005, the existing portfolio benefited from improved market conditions in the ERCOT and NEPOOL regions as well as the favorable effect of prior contract restructurings. FPL Energy is currently planning to make alloy 600 pressurizer repairs to its Seabrook nuclear plant in 2008, but the NRC may require the repairs to be done in 2007. Performing these repairs in 2007 may reduce FPL Energy's 2007 results of operations but is not expected to significantly affect the estimated capital expenditures for the 2007 through 2011 period.

FPL Energy's 2006 financial results benefited from increased gains from its full energy and capacity requirements services and trading activities in 2006. Full energy and capacity requirements services included load-following services, which require the supplier of energy to vary the quantity delivered based on the load demand needs of the customer, as well as various ancillary services.

The results of restructuring activities and asset sales in 2006 were lower than 2005 reflecting the absence of gains recorded in 2005 from asset sales and from a contract restructuring, partly offset by a $12 million after-tax gain recorded in 2006 on the sale of wind development rights. Restructuring activities in 2005 reflect the absence of a $48 million loss ($81 million pretax) recorded in 2004 associated with the restructuring of the Marcus Hook steam contract, which consisted of the write-off of an auxiliary boiler and a payment to terminate an associated steam sales agreement. Also in 2004, FPL Energy recorded a $29 million after-tax impairment loss (approximately $47 million pretax) to write down its investment in a combined-cycle power plant in Texas to its fair value as a result of agreeing to sell its interest in the project. In addition, in 2004 FPL Energy recorded a net after-tax gain of approximately $31 million (approximately $52 million pretax) related to the termination of a gas supply contract and a steam agreement at one of its investments in joint ventures. See Note 5 – FPL Energy.

The Indonesian project gain reflects a $63 million after-tax gain ($97 million pretax) recorded by FPL Energy in 2006 as the result of a court judgment. A portion of the judgment (approximately $7 million pretax or $5 million after-tax) was recorded by FPL Energy in 2004. See Item 3 for a discussion of pending litigation relating to the Indonesian project.

In both 2006 and 2005, interest expense and other reflects higher interest expense due to higher debt balances as a result of growth in the business as well as an increase in average interest rates of approximately 38 basis points and 56 basis points for 2006 and 2005, respectively. In addition, interest and other in both 2006 and 2005 includes higher corporate general and administrative expenses to support the growth in the business.

In 2006, FPL Energy recorded approximately $92 million of after-tax net unrealized mark-to-market gains on non-qualifying hedge activity. In 2005 and 2004, FPL Energy recorded approximately $112 million and $3 million, respectively, of net unrealized mark-to-market losses on non-qualifying hedge activity. The change in unrealized mark-to-market activity for 2006 compared to 2005 is primarily attributable to decreased forward power and natural gas prices, as well as the reversal of previously recognized unrealized mark-to-market losses as the underlying transactions were realized during 2006. The increase in 2005 in unrealized mark-to-market losses associated with non-qualifying hedge activity was primarily attributable to increased forward power and natural gas prices, as well as the reversal of previously recognized unrealized mark-to-market gains as the underlying transactions were realized during 2005.

FPL Energy's operating revenues for the years ended December 31, 2006 and 2005 increased $1,337 million and $516 million, respectively. The year ended December 31, 2006 benefited primarily from gains on unrealized mark-to-market non-qualifying hedge activity in 2006 as compared to losses in the 2005 period, project additions, favorable market conditions in the NEPOOL, ERCOT and PJM regions, and a higher wind resource, partially offset by the impact of the longer refueling outage in 2006 as compared to 2005 for the Seabrook nuclear facility. Also, operating revenues in 2006 include approximately $12 million related to the settlement of certain operational performance issues with wind turbine equipment suppliers. The year ended December 31, 2005 benefited primarily from improved market conditions mainly in the ERCOT and NEPOOL regions, project additions and improved hydro resources, partially offset by higher unrealized mark-to-market losses from non-qualifying hedge activity, lower generation at Seabrook due to its scheduled spring 2005 refueling outage and a reduced wind resource.

FPL Energy's operating expenses for the years ended December 31, 2006 and 2005 increased $736 million and $539 million, respectively. The increase for 2006 is primarily due to unrealized mark-to-market non-qualifying hedge losses in 2006 compared to gains in 2005, project additions and increased fuel costs as a result of market conditions. The increase for 2005 is primarily driven by increased fuel prices and generation in the ERCOT and NEPOOL regions as well as by project additions which also resulted in higher O&M and depreciation and amortization expenses. The increase in operating expenses was partially offset by higher unrealized mark-to-market gains from non-qualifying hedge activity. Included in operating expenses in 2004 were charges of approximately $81 million associated with the restructuring of the Marcus Hook steam contract discussed above. FPL Energy expects O&M expenses to continue to increase in 2007, primarily due to costs associated with project additions and plant maintenance.

Equity in earnings of equity method investees increased $57 million for the year ended December 31, 2006 primarily due to the $97 million Indonesian project gain discussed above and the favorable effect on operating results from a prior contract restructuring. These factors were partially offset by unrealized mark-to-market losses of approximately $26 million from non-qualifying hedge activity in 2006 compared to an approximately $2 million gain in 2005 and the absence of an approximately $13 million pretax gain on a contract restructuring recorded in 2005. In 2005, equity in earnings of equity method investees increased primarily due to the positive effects of prior contract restructurings partially offset by lower gains of approximately $11 million from non-qualifying hedge activity. In 2004, FPL Energy recorded a net pretax gain of approximately $52 million on the termination of a gas supply contract and a steam agreement. Also included in the equity in earnings of equity method investees in 2004 was the $47 million pretax impairment loss related to a combined-cycle power plant in Texas discussed above. See Note 5 – FPL Energy.

FPL Energy's interest expense for the year ended December 31, 2006 and 2005 increased $46 million and $43 million, respectively, reflecting higher average debt balances to support growth in the business and an increase in average interest rates. Gains (losses) on disposal of assets in FPL Group's consolidated statements of income for 2006 reflect an approximately $20 million pretax gain for the sale of wind development rights. In 2005, this line item included approximately $44 million of pretax gains on the sale of FPL Energy joint venture projects. FPL Energy's interest income increased by approximately $10 million in 2005 primarily related to higher investment income associated with the Seabrook decommissioning fund balance, as well as interest income associated with a bridge loan, which was originated early in 2005 in connection with an acquisition of a solar project and repaid in the third quarter of 2005. Other – net for the year ended December 31, 2005 includes a benefit associated with obtaining an additional partnership interest in a coal plant in California.

PTCs from FPL Energy's wind projects are reflected in FPL Energy's earnings. PTCs are recognized as wind energy is generated and sold based on a per kwh rate prescribed in applicable federal and state statutes, and amounted to approximately $167 million, $129 million and $109 million for the years ended December 31, 2006, 2005 and 2004, respectively.

In January 2006, FPL Energy completed the acquisition of a 70% interest, or approximately 415 mw, in the Duane Arnold nuclear power plant. FPL Energy purchased the 70% interest, including nuclear fuel, inventory and other items, for a net purchase price of approximately $350 million. FPL Energy is selling substantially all of its share of the output of Duane Arnold to IP&L under a long-term contract expiring in 2014. FPL Energy is responsible for management and operation of the plant, as well as for the ultimate decommissioning of the facility, the cost of which will be shared on a pro-rata basis by the joint owners. FPL Energy received approximately $188 million of decommissioning funds at the closing of the acquisition which is included in nuclear decommissioning reserve funds on FPL Group's condensed consolidated balance sheet at December 31, 2006. FPL Energy expects to file for a license extension for the plant in 2009, which, if approved, will enable the plant to continue to operate for an additional 20 years beyond its current license expiration of 2014.

In December 2006, FPL Energy entered into an agreement to purchase Point Beach, a two-unit, 1,033 mw nuclear power plant located in Wisconsin from Wisconsin Electric. Under the agreement, FPL Energy will purchase the plant, including nuclear fuel, inventory and other items, for a total of approximately $998 million. Under the agreement, FPL Energy will sell the output of Point Beach to Wisconsin Electric under a long-term contract. The duration of the contract will be, at the option of Wisconsin Electric, either through the current license terms of 2030 for Unit 1 and 2033 for Unit 2 or for a term of 16 or 17 years from the closing date for Units 1 and 2, respectively. FPL Energy will be responsible for management and operation of the plant, as well as for the ultimate decommissioning of the facility and expects to receive at least $360 million of decommissioning funds at closing. The transaction is subject to, among other things, the receipt of approvals from various federal and state regulatory agencies. FPL Energy expects to close the transaction in the third quarter of 2007.

FPL Energy expects its future portfolio capacity growth to come primarily from wind development and from asset acquisitions. FPL Energy plans to add a total of at least 1,500 mw of new wind generation over the 2007 and 2008 period, including approximately 450 mw which are currently under construction.

In 2006, the FERC approved a settlement agreement that established a new forward capacity market in the NEPOOL region. The parties to the settlement agreement include wholesale power generators in New England, including FPL Energy, and four of the six New England states. Under the settlement agreement, capacity payments to generators will be established competitively through an annual auction, the first of which will be conducted in the first quarter of 2008 to purchase capacity for the twelve months starting June 1, 2010. The settlement agreement also provides for a transition period starting December 1, 2006 through May 31, 2010, during which capacity suppliers will receive fixed capacity payments, subject to penalties for forced outages during peak demand periods. The settlement agreement, as approved by the FERC, is expected to result in increased gross margins for FPL Energy's assets in the NEPOOL region during the transition period.

Competitive wholesale markets in the United States continue to evolve and vary by geographic region. Revenues from electricity sales in these markets 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 and reliably, the price and supply of fuel, transmission constraints, wind and hydro resources (weather conditions), competition from new sources of generation, effective risk management, demand growth and exposure to legal and regulatory changes.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for FPL Energy. Opportunities exist for the selective acquisition of generation assets and for the construction and operation of efficient plants that can sell power in competitive markets. FPL Energy seeks to reduce 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. The major markets in which FPL Energy operates have shown signs of continued improvement since 2004, such as improved sparks spreads and energy prices in ERCOT and NEPOOL. The combination of new wind projects, expected increase in contribution from merchant assets and asset acquisitions are expected to be the key drivers in supporting FPL Energy's growth over the next few years.

FPL Energy's earnings are subject to variability due to, among other things, operational performance, commodity price exposure, counterparty performance, weather conditions and project restructuring activities. FPL Energy's exposure to commodity price risk is reduced by the degree of contract coverage obtained for 2007 and 2008. If FPL Energy's plants do not perform as expected, this high degree of hedging could result in FPL Energy being required to purchase power at potentially higher market prices to meet its contractual obligations.

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 production levels of the wind portfolio as well as the hydro units in Maine. 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. Substantially all of FPL Energy's 2007 contracted revenues are with investment grade counterparties.

Corporate and Other – Corporate and Other is primarily comprised of interest expense, the operating results of FPL FiberNet and other business activities as well as corporate interest income and expenses. Corporate and Other allocates interest charges to FPL Energy based on a deemed capital structure at FPL Energy of 50% debt for operating projects and 100% debt for projects under construction. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be utilized on a separate return basis, but are utilized on the consolidated tax return, are recorded by the subsidiary. Any remaining consolidated income tax benefits or detriments are recorded at Corporate and Other. The major components of Corporate & Other results, on an after-tax basis, are as follows:

	Years Ended December 31,		
	2006	2005	2004
		(millions)	
Interest expense	$ (97)	$ (90)	$ (78)
FPL FiberNet impairment charge	(60)	-	-
Merger costs	(14)	-	-
State tax benefits	36	25	30
Interest income on secured third party loan	-	12	6
Gains on sale and termination of leveraged lease agreements	-	6	-
Other	4	(3)	8
Net loss	$ (131)	$ (50)	$ (34)

Interest expense increased in 2006 reflecting higher debt balances and slightly higher rates while the increase in 2005 was primarily due to higher rates. The impairment charge is for FPL FiberNet's metro market assets. See Note 5 – Corporate and Other. The merger costs represent costs associated with the proposed merger between FPL Group and Constellation Energy,

which was terminated in October 2006. See Note 2. The state tax benefits are primarily due to FPL Energy's growth throughout the United States and, in 2004, include the resolution of other tax issues. In 2006, state tax benefits were partially offset by a $7 million deferred tax expense resulting from a modification of the Texas franchise tax enacted in 2006. Interest income on a secured third party loan reflects the repayment of the loan in the fourth quarter of 2005. The 2005 gains on sale and termination of leveraged lease agreements ($10 million on a pretax basis) are included in gains (losses) on disposal of assets in FPL Group's consolidated statements of income. Other includes all other corporate income and expenses as well as other business activities. The decline in 2005 reflects the absence of a pension transition credit that was fully amortized in 2004.

Corporate and Other's operating revenues increased in 2006 primarily due to the transfer, effective January 1, 2006, of FPL's retail gas business to a subsidiary of FPL Group Capital. The increase in operating expenses in 2006 is primarily due to the $98 million pretax impairment charge at FPL FiberNet as well as the transfer of FPL's retail gas business.

Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for working capital, capital expenditures and investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem outstanding debt and/or repurchase common stock. 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, FPL's and FPL Group Capital's ability to obtain short- and long-term financing, the cost of such financing and the execution of their respective financing strategies.

Cash Flow – The changes in cash and cash equivalents are summarized as follows:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2006	2005	2004	2006	2005	2004
	(millions)					
Net cash provided by operating activities	$ 2,498	$ 1,547	$ 2,650	$ 1,668	$ 1,238	$ 1,948
Net cash used in investing activities	(3,807)	(2,165)	(1,872)	(1,933)	(1,816)	(1,400)
Net cash provided by (used in) financing activities	1,399	923	(682)	273	569	(487)
Net increase (decrease) in cash and cash equivalents	$ 90	$ 305	$ 96	$ 8	$ (9)	$ 61

FPL Group's cash flows for the year ended December 31, 2006 benefited from net issuances of debt, the issuance of common stock and the recovery from customers of previously incurred fuel and storm costs at FPL, which were offset by an increase in FPL's customer receivables and the return of margin cash deposits and payment of cash collateral to counterparties. The funds generated were used to pay for capital expenditures at FPL, additional investments at FPL Energy, common stock dividends, storm-related costs at FPL and to carry an increase in fossil fuel inventory.

FPL Group's cash flows from operating activities for the year ended December 31, 2006 reflect the recovery by FPL of fuel and storm costs deferred in prior years as a result of an increase in the fuel clause recovery factor effective January 2006 and the implementation of a storm damage surcharge applied to retail customer bills that began in February 2005. The recovery of these deferred costs was offset by storm-related payments at FPL, an increase in customer receivables at FPL reflecting the higher fuel factor, the return of margin cash deposits and payment of cash collateral to counterparties due to changing energy prices and an increase in fossil fuel inventory. The increase in fossil fuel inventory is primarily due to the accumulation of oil inventory at FPL reflecting the burning of more natural gas due to relatively lower natural gas prices and the addition, at an FPL Energy plant, of oil and gas inventory which was purchased in connection with the termination of a fuel management contract.

FPL Group's cash flows from investing activities for the year ended December 31, 2006 reflect capital investments of approximately $1,763 million by FPL to meet customer demand and costs associated with its Storm Secure Plan and independent power investments at FPL Energy of approximately $1,701 million, including the purchase of Duane Arnold. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the nuclear decommissioning funds including the reinvestment of fund earnings and new contributions from FPL Energy, as well as other investment activity. FPL suspended nuclear decommissioning fund contributions of approximately $79 million annually, beginning in September 2005, pursuant to the terms of the 2005 rate agreement.

During the year ended December 31, 2006, FPL Group generated proceeds of approximately $3.8 billion from financing activities, including the issuance of $700 million in FPL first mortgage bonds, the borrowing of $250 million by FPL under a five-year term loan facility, the borrowing of $400 million by FPL Group Capital under three separate two-year term loan facilities, the issuance of $600 million in debentures and $700 million in enhanced junior subordinated debentures by FPL Group Capital, the issuance of $206 million of limited-recourse senior secured notes and the borrowing of $600 million under a variable rate limited recourse term loan by FPL Energy subsidiaries, approximately $296 million from the issuance of FPL Group common stock related to its 8% Corporate Units and approximately $37 million related to the exercise of stock

options. During the year ended December 31, 2006, FPL Group paid out approximately $2.4 billion for financing activities, including approximately $1.1 billion for maturing FPL Group Capital debentures, approximately $250 million for the repayment of FPL Group Capital variable rate term loans, approximately $135 million for maturing senior secured notes of a consolidated VIE that leases nuclear fuel to FPL, a net decrease in short-term debt of approximately $62 million ($529 million decrease at FPL), approximately $48 million net to cancel approximately 4.2 million of FPL Group's 8% Corporate Units, approximately $593 million for the payment of dividends on its common stock and approximately $180 million for principal payments on FPL Energy debt. In January 2007, an indirect wholly-owned subsidiary of FPL Energy entered into an interest rate swap agreement to pay a fixed rate of 5.39% on approximately $547 million of its variable rate limited recourse debt in order to limit cash flow exposure.

FPL Group's cash flows for the year ended December 31, 2005 reflect the benefit of net issuances of debt, the issuance of common stock, the receipt of payment of a secured third party loan, the receipt of cash collateral primarily from FPL's counterparties related to energy contracts (margin cash deposits) and the recovery from customers of a portion of the 2004 storm restoration costs at FPL. The funds generated were used to pay for common stock dividends, capital expenditures at FPL, additional investments at FPL Energy, FPL storm restoration costs and to fund under-recovered fuel costs at FPL caused primarily by higher than anticipated fuel costs.

FPL Group's cash flows for the year ended December 31, 2004 reflect the use of funds to reduce debt, pay common stock dividends, make a secured loan and capital investments at FPL and FPL Energy, and pay for FPL storm restoration costs, as well as the benefit of the issuance of common stock and the sale of a note receivable by an indirect subsidiary of FPL Group.

The following provides various metrics regarding FPL Group's (including FPL's) and FPL's outstanding debt:

	FPL Group		FPL	
	December 31,		December 31,	
	2006	2005	2006	2005
Weighted-average annual interest rate [a]	6.1%	5.9%	5.4%	5.2%
Weighted-average life (years)	13.1	9.3	17.9	15.1
Annual average of floating rate debt to total debt [a]	31%	35%	33%	40%

[a] Calculations include the effects of interest rate swaps.

Contractual Obligations and Planned Capital Expenditures – FPL Group's commitments were as follows:

	2007	2008	2009	2010	2011	Thereafter	Total
				(millions)			
Long-term debt, including interest: [a]							
FPL	$ 227	$ 662	$ 419	$ 188	$ 188	$ 7,320	$ 9,004
FPL Energy	764	659	318	305	281	1,843	4,170
Corporate and Other	1,281	810	745	97	697	4,077	7,707
Purchase obligations:							
FPL [b]	4,915	3,760	3,050	2,810	2,565	6,335	23,435
FPL Energy [c]	2,401	845	61	60	59	878	4,304
Corporate and Other	15	-	-	-	-	-	15
Asset retirement activities: [d]							
FPL [e]	-	-	-	-	-	11,571	11,571
FPL Energy [f]	-	1	-	-	-	4,761	4,762
Total	$ 9,603	$ 6,737	$ 4,593	$ 3,460	$ 3,790	$ 36,785	$ 64,968

[a] Includes principal, interest and interest rate swaps. Variable rate interest was computed using December 31, 2006 rates.

[b] Represents required capacity and minimum payments under long-term purchased power and fuel contracts, the majority of which are recoverable through various cost recovery clauses (see Note 16 – Contracts), and projected capital expenditures through 2011 to meet, among other things, increased electricity usage and customer growth, capital improvements to and maintenance of existing facilities and estimated capital costs associated with FPL's Storm Secure Plan. Estimated capital costs associated with FPL's Storm Secure Plan are subject to change over time based on, among other things, productivity enhancements and prioritization. Excludes capital expenditures of approximately $3.4 billion (approximately $310 million in 2008) for the two ultra super critical pulverized coal generating units for the period from early 2008 (expected Siting Board approval) through 2011. See Note 16 – Commitments.

[c] Represents firm commitments primarily in connection with the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel for Seabrook and Duane Arnold and a portion of its projected capital expenditures, including, in 2007, the pending acquisition of Point Beach. See Note 16 – Commitments and Contracts.

[d] Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

[e] At December 31, 2006, FPL had approximately $2,264 million in restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in FPL Group's and FPL's nuclear decommissioning reserve funds.

[f] At December 31, 2006, FPL Energy's 88.23% portion of Seabrook's and 70% portion of Duane Arnold's restricted trust funds for the payment of future expenditures to decommission Seabrook and Duane Arnold totaled approximately $560 million and are included in FPL Group's nuclear decommissioning reserve funds.

Guarantees and Letters of Credit – FPL Group and FPL obtain letters of credit and issue guarantees to facilitate commercial transactions with third parties and financings. At December 31, 2006, FPL Group had standby letters of credit of approximately $733 million ($171 million for FPL) and approximately $6,719 million notional amount of guarantees ($356 million for FPL), of

which approximately $5,562 million ($497 million for FPL) have expirations within the next five years. An aggregate of approximately $345 million of the standby letters of credit at December 31, 2006 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity below. These letters of credit and guarantees support the buying and selling of wholesale energy commodities, debt-related reserves, nuclear activities and other contractual agreements. FPL Group and FPL believe it is unlikely that they would incur any liabilities associated with these letters of credit and guarantees. At December 31, 2006, FPL Group and FPL did not have any liabilities recorded for these letters of credit and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of its debt, including all of its debentures and commercial paper issuances, as well as most of its payment guarantees, and FPL Group Capital has guaranteed certain debt and other obligations of FPL Energy and its subsidiaries. See Note 16 – Commitments.

In addition to the 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 that expires in 2027. Under this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Available Liquidity – At December 31, 2006, FPL Group's total available net liquidity was approximately $4.8 billion and FPL's was approximately $1.9 billion. The components of each company's net available liquidity at December 31, 2006 were as follows.

				Maturity Date	
	FPL	FPL Group Capital	FPL Group	FPL	FPL Group Capital
		(in millions)			
Bank revolving lines of credit [a]	$ 2,000[b]	$ 2,500	$ 4,500[b]	November 2010	November 2010
Less letters of credit	156	189	345		
	1,844	2,311	4,155		
Revolving term loan facility	250	-	250	May 2011	
Less borrowings	250	-	250	May 2008	
	-	-	-		
Cash and cash equivalents	64	556	620		
Net available liquidity	$ 1,908	$ 2,867	$ 4,775		

[a] Provide for the issuance of letters of credit up to $4.5 billion and are available to support the companies' commercial paper programs and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss), as well as for general corporate purposes.

[b] Excludes $300 million in senior secured revolving credit facilities of an entity consolidated by FPL under FIN 46(R) (the VIE) that leases nuclear fuel to FPL which credit facilities are available only to the VIE.

FPL Group (which guarantees the payment of FPL Group Capital's credit facilities pursuant to a 1998 guarantee agreement) is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL Group Capital's credit facility. FPL is required to maintain a minimum ratio of funded debt to total capitalization under the terms of FPL's credit facility. At December 31, 2006, each of FPL Group and FPL was in compliance with its respective ratio.

In addition to the amounts in the table above, FPL Group Capital and FPL have each established an uncommitted credit facility with a bank to be used for general corporate purposes. The bank may at its discretion, upon the request of FPL Group Capital or FPL, make a short-term loan or loans to FPL Group Capital or FPL in an aggregate amount determined by the bank, which is subject to change at any time. The terms of the specific borrowings under the uncommitted credit facilities, including maturity, are set at the time borrowing requests are made by FPL Group Capital or FPL. At December 31, 2006, there were no amounts outstanding for either FPL Group Capital or FPL under the uncommitted credit facilities.

During 2006, FPL entered into a $250 million revolving five-year term loan facility, which is included in the table above, and FPL Group Capital entered into three separate two-year term loan facilities aggregating $400 million, each of which expire in June 2008. Both FPL and FPL Group Capital borrowed the full amount under the term loan facilities during the second quarter of 2006. During the fourth quarter of 2006, FPL Group Capital repaid two of the three loans totaling $250 million. Under the terms of the respective term loan facilities, each of FPL and FPL Group is required to maintain a minimum ratio of funded debt to total capitalization. At December 31, 2006, each of FPL and FPL Group was in compliance with its respective ratio. Pursuant to its guarantee agreement with FPL Group Capital, FPL Group guarantees the payment of FPL Group Capital's term loans.

In addition to the bank lines of credit discussed above, the consolidated VIE that leases nuclear fuel to FPL has established a $100 million senior secured revolving credit facility, which expires in June 2009, and a $200 million senior secured revolving credit facility, which expires in May 2007. Both credit facilities provide backup support for the VIE's commercial paper

program. FPL has provided an unconditional guarantee of the payment obligations of the VIE under the credit facilities, which is included in the guarantee discussion under Guarantees and Letters of Credit above. At December 31, 2006, the VIE had no outstanding borrowings under the revolving credit facilities and had approximately $221 million of commercial paper outstanding.

Additionally, an indirect wholly-owned subsidiary of FPL Energy has established a $100 million letter of credit facility, which expires in 2017 and serves as security for certain obligations under commodity hedge agreements entered into by the subsidiary.

Shelf Registration – In September 2006, FPL Group, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement for an unspecified amount of securities with the SEC. The amount of securities issuable by the companies is established from time to time by their respective board of directors. As of February 26, 2007, securities that may be issued under the registration statement, which became effective upon filing, include, depending on the registrant, senior debt securities, subordinated debt securities, first mortgage bonds, preferred trust securities and guarantees related to certain of those securities. As of February 26, 2007, FPL Group and FPL Group Capital had $2 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had $1 billion of board-authorized available capacity.

Covenants – 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, among other things, dividends paid to it by its subsidiaries. During the first quarter of 2006, FPL Group increased its quarterly dividend on its common stock from $0.355 to $0.375 per share. In February 2007, FPL Group announced that it would increase its quarterly dividend on its common stock from $0.375 to $0.41 per share. FPL pays dividends to FPL Group in a manner consistent with FPL's long-term targeted capital structure. FPL's mortgage contains provisions which, under certain conditions, restrict the payment of dividends to FPL Group and the issuance of additional first mortgage bonds. 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.

Under the mortgage securing FPL's first mortgage bonds, in some cases, the amount of retained earnings that FPL can use to pay cash dividends on its common stock is restricted. The restricted amount may change based 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, 2006, no retained earnings were restricted by these provisions of the mortgage.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. As of December 31, 2006, coverage for the 12 months ended December 31, 2006 would have been approximately 11 times the annual interest requirements and approximately six times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. As of December 31, 2006, FPL could have issued in excess of $6.0 billion of additional first mortgage bonds based on the unfunded property additions and in excess of $5.5 billion based on retired first mortgage bonds. As of December 31, 2006, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, FPL Group and FPL Group Capital executed a replacement capital covenant (RCC) in connection with FPL Group Capital's offering of $350 million principal amount of Series A Enhanced Junior Subordinated Debentures due 2066 and $350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (collectively, enhanced junior subordinated debentures). The RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of FPL Group Capital (other than the enhanced junior subordinated debentures) or, in certain cases, of FPL Group. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the RCC. The RCC provides that FPL Group Capital may redeem, and FPL Group or FPL Group Capital may purchase, any enhanced junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price exceeds a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the enhanced junior subordinated debentures at the time of redemption or purchase, which are sold within 180 days prior to the date of the redemption or repurchase of the enhanced junior subordinated debentures.

Credit Ratings – Securities of FPL Group and its subsidiaries are currently rated by Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch). At February 26, 2007, Moody's, S&P and Fitch had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's [a]	S&P [a]	Fitch [a]
FPL Group: [b]			
Corporate credit rating	A2	A	A
FPL: [b]			
Corporate credit rating	A1	A	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	Aa3/VMIG-1	A	A+
Commercial paper	P-1	A-1	F-1
FPL Group Capital: [b]			
Corporate credit rating	N/A	A	A
Debentures	A2	A-	A
Junior subordinated debentures	A3	BBB+	A-
Commercial paper	P-1	A-1	F-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.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

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, commitment fees and interest rates on loans under the credit facilities agreements are tied to credit ratings and increase or decrease when ratings change. 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. FPL Group subsidiaries, including FPL, may be required to post collateral in excess of collateral threshold amounts when FPL Group's exposure to the counterparty under the applicable trading agreement exceeds such threshold.

Other – FPL was impacted by four hurricanes in 2005 and three hurricanes in 2004, which caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve. At December 31, 2006, FPL's storm reserve deficiency totaled approximately $868 million. In May 2006, the FPSC approved the issuance of up to $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs are being recovered through a previously approved storm damage surcharge applied to retail customer bills since February 2005. Once the bonds are issued, a surcharge to retail customers will be used for repayment of the outstanding bonds. FPL is working with the FPSC staff and its financial advisors to complete the issuance of the bonds. See Note 1 – Storm Reserve Deficiency.

In January 2006, FPL introduced an initiative to enhance its electrical grid as a result of heightened hurricane activity and in response to concerns express by the community, state leaders and regulators. The estimated capital expenditures associated with this initiative, as well as the FPSC's approved storm preparedness plan (collectively, Storm Secure Plan) for 2007 through 2011 are included in FPL's projected capital expenditures under Contractual Obligations and Planned Capital Expenditures above, and are subject to change over time based on, among other things, productivity enhancements and prioritization. See Note 16 – Commitments. See also Results of Operations – FPL for further discussion regarding the impact of Storm Secure Plan costs on O&M expenses.

In February 2005, FPL Group's board of directors approved a two-for-one stock split of FPL Group's common stock effective March 15, 2005 (2005 stock split). FPL Group's authorized common stock increased from 400 million to 800 million shares. Also in February 2005, FPL Group's board of directors authorized a new common stock repurchase plan of up to 20 million shares of common stock (after giving effect to the 2005 stock split) over an unspecified period, which plan was ratified and confirmed by the board of directors in December 2005, and terminated a previous common stock repurchase plan. At December 31, 2006, no shares had been repurchased under the repurchase plan.

In June 2005, a wholly-owned subsidiary of FPL Group completed the acquisition of Gexa Corp., a retail electric provider in Texas. Each share of Gexa Corp.'s outstanding common stock was converted into 0.1682 of a share of FPL Group common stock. Assuming the exercise of Gexa Corp.'s options and warrants net of cash to be received upon exercise, the aggregate value of the consideration for the acquisition of Gexa Corp. was approximately $73 million, payable in shares of FPL Group common stock.

New Accounting Rules and Interpretations

Accounting for Uncertainty in Income Taxes – In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109." See Note 6.

Accounting for Planned Major Maintenance Activities – In September 2006, the FASB issued FSP AUG AIR-1, "Accounting for Planned Major Maintenance Activities." See Note 1 – Major Maintenance Costs.

Fair Value Measurements – In September 2006, the FASB issued FAS 157, "Fair Value Measurements." See Note 1 – Fair Value Measurements.

Accounting for Pensions and Other Postretirement Plans – In September 2006, the FASB issued FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." See Note 3.

The Fair Value Option for Financial Assets and Financial Liabilities – In February 2007, the FASB issued FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities." See Note 1 – The Fair Value Option for Financial Assets and Financial Liabilities.

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 – FPL Group and FPL use derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate risk associated with long-term debt. In addition, FPL Group uses derivatives to optimize the value of power generation assets. 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.

Derivative instruments, when required to be marked to market under FAS 133, as amended, are 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 based on the forward prices for electricity and fuel. 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 contract price and the forward prices. The near term forward market for electricity 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 using factors including 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 FPL Group's non-rate regulated operations, predominantly FPL Energy, changes in derivative fair values are recognized in current earnings, unless the criteria for hedge accounting are met and the company elects to account for the derivative as a hedge. For those transactions accounted for as cash flow hedges, much of the effects of changes in fair value are reflected in other comprehensive income (OCI), a component of common shareholders' equity, rather than being recognized in current earnings. For those transactions accounted for as fair value hedges, the effects of changes in fair value are reflected in current earnings offset by changes in the fair value of the item being hedged.

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. A result of changes in interpretation could be that contracts that currently are excluded from the provisions of FAS 133 would have to be recorded on the balance sheet at fair value, with changes in fair value recorded in the income statement.

Certain economic hedging transactions at FPL Energy do not meet the requirements for hedge accounting treatment. Changes in the fair value of those transactions are marked to market and reported in the income statement, often resulting in earnings volatility. These changes in fair value are captured in the non-qualifying hedge category in computing adjusted earnings. This could be significant to FPL Energy's results because often the economic offset to the positions which are required to be marked to market (such as the physical assets from which power is generated) are not marked to market. As a consequence, net income reflects only the movement in one part of economically linked transactions. Because of this, FPL Group's management views results expressed excluding the unrealized mark-to-market impact of the non-

qualifying hedges as a meaningful measure of current period performance. For additional information regarding derivative instruments, see Note 4 and also see Management's Discussion – Energy Marketing and Trading and Market Risk Sensitivity.

Accounting for Pensions and Other Postretirement Benefits – FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries. FPL Group also has a supplemental executive retirement plan which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. In addition to pension benefits, FPL Group sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits plan) for retirees of FPL Group and its subsidiaries meeting certain eligibility requirements. The qualified pension plan has a fully funded trust dedicated to providing the benefits under the plan. The other benefits plan has a partially funded trust dedicated to providing benefits related to life insurance. FPL Group allocates net periodic benefit income or cost associated with the pension and other benefits plans to its subsidiaries annually using specific criteria.

Effective December 31, 2006, FPL Group adopted the recognition and disclosure provisions of FAS 158, which requires the reporting of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations on the balance sheet as part of accumulated other comprehensive income. Since FPL Group is the plan sponsor, and the subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, the results of implementing the recognition and disclosure provisions of FAS 158 are reflected at FPL Group and not allocated to its subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations that are estimated to be allocable to FPL as net periodic benefit (income) cost in future periods is classified as regulatory assets and liabilities at FPL Group in accordance with regulatory treatment as required by FAS 71, "Accounting for the Effects of Certain Types of Regulation." FAS 158 also requires FPL Group to measure plan assets and liabilities as of its year end, rather than as of September 30, no later than December 31, 2008.

FPL Group's pension income net of the cost of the other benefits plan was approximately $65 million, $52 million and $81 million for the years ended December 31, 2006, 2005 and 2004, respectively. The corresponding amounts allocated to FPL were $52 million, $39 million and $62 million, respectively. Pension income and the cost of the other benefits plan 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 4.0% for all years, and a weighted-average discount rate of 5.50% for all years. Based on current health care costs (as related to other benefits), the projected 2007 trend assumption used to measure the expected cost of health care benefits covered by the plans for all age groups are 8.0% for medical benefits and 10.0% for prescription drug benefits. These rates are assumed to decrease over the next ten years to the ultimate trend rate of 5.0% and remain at that level thereafter. The ultimate trend rate is assumed to be reached in 2013 for medical costs and 2017 for prescription drug costs. In developing these assumptions, FPL Group evaluated input from its actuaries, as well as information available in the marketplace. For the expected long-term rate of return on fund assets, FPL Group considered 10-year and 20-year historical median returns for a portfolio with an equity/bond asset mix similar to its funds. FPL Group also considered its funds' historical compounded returns. FPL Group believes that 7.75% is a reasonable long-term rate of return on its plans' assets. 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 plan 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 plan 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 2006 by approximately $14 million ($11 million for FPL). Lowering the discount rate assumption by 0.5% would have decreased FPL Group's net income for 2006 by approximately $5 million ($4 million for FPL). Raising the salary increase assumption by 0.5% would have decreased FPL Group's net income for 2006 by approximately $2 million ($2 million for FPL). Assumed health care cost trend rates can have a significant effect on the amounts reported for postretirement plans providing health care benefits. However, this effect is somewhat mitigated by the retiree cost sharing structure incorporated in FPL Group's other benefits plan. Increasing the assumed health care cost trend rates by 1% would have reduced FPL Group's net income for 2006 by approximately $1 million.

The fair value of plan assets has increased from $3.1 billion at September 30, 2005 to $3.2 billion at September 30, 2006 for the pension plan and decreased from $49 million at September 30, 2005 to $48 million at September 30, 2006 for the other benefits 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 qualified pension plan in the near future. In December 2006, $26 million was transferred from the qualified pension plan as reimbursement for eligible retiree medical expenses paid by FPL Group during the year pursuant to the provisions of the Internal Revenue Code. FPL Group anticipates paying approximately $29 million for eligible retiree medical expenses on behalf of the other benefits plan during 2007 with

substantially all of that amount being reimbursed through a transfer of assets from the qualified pension plan pursuant to the provisions of the Internal Revenue Code. 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.

In 2006, FPL FiberNet performed an impairment analysis and concluded that an impairment charge related to its metro market assets was necessary. The critical assumptions and estimates used in the analysis include revenue additions, projected capital expenditures and a discount rate. A 10% increase in the revenue growth rate or a 10% decrease in projected capital expenditures would have resulted in no impairment, while a 10% decrease in the revenue growth rate or a 10% increase in projected capital expenditures would increase the impairment charge by less than $5 million. An increase or decrease of 1% in the discount rate would have a corresponding change to the impairment charge of approximately $3 million. See Note 5 – Corporate and Other.

Nuclear Decommissioning and Fossil Dismantlement – FPL Group and FPL each account for asset retirement obligations and conditional asset retirement obligations under FAS 143, "Accounting for Asset Retirement Obligations" and FIN 47, "Accounting for Conditional Asset Retirement Obligations." FAS 143 and FIN 47 require that a liability for the fair value of an asset retirement obligation (ARO) 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 assets. See Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 15.

For ratemaking purposes, FPL accrues and funds for nuclear plant 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 most recent studies, filed in 2005, indicate that FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage, is $10.9 billion, or $2.1 billion in 2006 dollars. The studies reflect, among other things, the 20-year license extensions of FPL's nuclear units and support the suspension, effective September 2005, of the $79 million annual decommissioning accrual. At December 31, 2006, $2,541 million was accrued for nuclear decommissioning, of which $1,540 million was recorded as an ARO, $55 million was recorded as a capitalized net asset related to the ARO, $864 million was recorded as a regulatory liability and $192 million was included in accrued asset removal costs (a regulatory liability) on the consolidated balance sheets.

FPL accrues the cost of dismantling its fossil plants over the expected service life of each unit based on studies filed with the FPSC at least every four years. Unlike nuclear decommissioning, fossil dismantlement costs are not funded. The most recent studies, which became effective January 1, 2003, indicated that FPL's portion of the ultimate cost to dismantle its fossil units is $668 million. The majority of the dismantlement costs are not considered AROs. At December 31, 2006, $308 million was accrued for fossil dismantlement costs, of which $30 million was recorded as an ARO, $5 million was recorded as a capitalized net asset related to the ARO, $4 million was recorded as a regulatory liability and $279 million was included in accrued asset removal costs (a regulatory liability) on the consolidated balance sheets.

FPL Energy records a liability for the present value of its expected decommissioning costs in accordance with FAS 143 and FIN 47. The nuclear decommissioning liability represents the fair value of FPL Energy's ultimate decommissioning liability for Seabrook and Duane Arnold. The fair value of the ultimate decommissioning liability as of December 31, 2006 was determined using various internal and external data. FPL Energy's portion of the ultimate cost of decommissioning Seabrook and Duane Arnold, including costs associated with spent fuel storage, is approximately $4.3 billion, or $725 million expressed in 2006 dollars. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2006, the ARO for Seabrook's and Duane Arnold's nuclear decommissioning totaled approximately $213 million.

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and fossil dismantlement costs, involves estimating the amount and timing of future expenditures and making judgments concerning whether or not such costs are considered a legal obligation under FAS 143 and FIN 47. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and how costs will escalate with inflation. In addition, FPL Group and FPL also make interest rate and rate of return projections on their investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, FPL Group and FPL will be required to

update these estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs. For example, an increase of 0.25% in the assumed escalation rates would increase FPL Group's and FPL's ARO as of December 31, 2006 by $180 million and $158 million, respectively.

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, storm restoration costs and costs associated with the construction or acquisition of new facilities. The continued applicability of FAS 71 is assessed at each reporting period.

Effective December 31, 2006, FPL Group adopted the recognition and disclosure provisions of FAS 158, which requires reporting of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations related to pension and other post retirement benefits gross on the balance sheet. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations that are estimated to be allocable to FPL as net periodic benefit (income) cost in future periods is classified as regulatory assets and liabilities on FPL Group's 2006 consolidated balance sheet in accordance with regulatory treatment as required by FAS 71. See Note 3.

FPL Group's and FPL's regulatory assets and liabilities are as follows:

	FPL Group		FPL	
	December 31,		December 31,	
	2006	2005	2006	2005
	(millions)			
Regulatory assets:				
Current:				
Deferred clause and franchise expenses	$ 167	$ 795	$ 167	$ 795
Storm reserve deficiency	$ 106	$ 156	$ 106	$ 156
Derivatives	$ 921	$ -	$ 921	$ -
Other	$ 3	$ 7	$ -	$ 7
Noncurrent:				
Storm reserve deficiency	$ 762	$ 957	$ 762	$ 957
Deferred clause expenses	$ -	$ 307	$ -	$ 307
Unamortized loss on reacquired debt	$ 39	$ 42	$ 39	$ 42
Other	$ 80	$ 37	$ 37	$ 37
Regulatory liabilities:				
Current:				
Deferred clause and franchise revenues	$ 37	$ 32	$ 37	$ 32
Derivatives	$ -	$ 757	$ -	$ 757
Pension	$ 17	$ -	$ -	$ -
Noncurrent:				
Accrued asset removal costs	$ 2,044	$ 2,033	$ 2,044	$ 2,033
Asset retirement obligation regulatory expense difference	$ 868	$ 786	$ 868	$ 786
Pension	$ 531	$ -	$ -	$ -
Other	$ 209	$ 256	$ 209	$ 256

See Note 1 for a discussion of FPL Group's and FPL's other significant accounting policies.

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 and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as to optimize the value of power generation assets. FPL Energy provides full energy and capacity requirements services to distribution utilities in certain markets and engages in energy trading activities to take advantage of expected future favorable price movements.

Derivative instruments, when required to be marked to market under FAS 133, as amended, are recorded on FPL Group's and FPL's consolidated balance sheets as either an asset or liability 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 or the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized net in fuel, purchased power and

interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's consolidated statements of income unless hedge accounting is applied. See Note 4.

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments were as follows:

		Hedges on Owned Assets			
	Trading	Non-Qualifying	OCI	FPL Cost Recovery Clauses	FPL Group Total
			(millions)		
Fair value of contracts outstanding at December 31, 2004	$ 4	$ (10)	$ (109)	$ (9)	$ (124)
Reclassification to realized at settlement of contracts	(3)	(9)	89	(617)	(540)
Acquisition of Gexa contracts	-	38	-	-	38
Effective portion of changes in fair value recorded in OCI	-	-	(353)	-	(353)
Ineffective portion of changes in fair value recorded in earnings	-	(33)	-	-	(33)
Changes in fair value excluding reclassification to realized	1	(162)	-	1,383	1,222
Fair value of contracts outstanding at December 31, 2005	2	(176)	(373)	757	210
Reclassification to realized at settlement of contracts	26	107	56	325	514
Effective portion of changes in fair value recorded in OCI	-	-	261	-	261
Ineffective portion of changes in fair value recorded in earnings	-	31	-	-	31
Changes in fair value excluding reclassification to realized	(23)	46	-	(2,003)	(1,980)
Fair value of contracts outstanding at December 31, 2006	5	8	(56)	(921)	(964)
Net option premium payments (receipts)	(1)	16	-	145	160
Total mark-to-market energy contract net assets (liabilities) at December 31, 2006	$ 4	$ 24	$ (56)	$ (776)	$ (804)

FPL Group's total mark-to-market energy contract net assets (liabilities) at December 31, 2006 shown above are included in the consolidated balance sheets as follows:

	December 31, 2006
	(millions)
Derivative assets	$ 371
Other assets	73
Other current liabilities	(1,141)
Other liabilities	(107)
FPL Group's total mark-to-market energy contract net assets (liabilities)	$ (804)

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2006 were as follows:

	Maturity						
	2007	2008	2009	2010	2011	Thereafter	Total
				(millions)			
Trading:							
Actively quoted (i.e., exchange traded) prices	$ 11	$ 7	$ -	$ -	$ -	$ -	$ 18
Prices provided by other external sources	(162)	(8)	1	-	-	1	(168)
Modeled	152	3	-	-	-	-	155
Total	1	2	1	-	-	1	5
Owned Assets – Non-Qualifying:							
Actively quoted (i.e., exchange traded) prices	(211)	(20)	2	(10)	(7)	(5)	(251)
Prices provided by other external sources	230	9	(3)	(2)	-	(2)	232
Modeled	29	-	-	-	(1)	(1)	27
Total	48	(11)	(1)	(12)	(8)	(8)	8
Owned Assets – OCI:							
Actively quoted (i.e., exchange traded) prices	(1)	-	-	-	-	-	(1)
Prices provided by other external sources	(30)	(26)	1	7	3	-	(45)
Modeled	(5)	(5)	-	-	-	-	(10)
Total	(36)	(31)	1	7	3	-	(56)
Owned Assets – FPL Cost Recovery Clauses:							
Actively quoted (i.e., exchange traded) prices	(727)	-	-	-	-	-	(727)
Prices provided by other external sources	(195)	-	-	-	-	-	(195)
Modeled	2	(1)	-	-	-	-	1
Total	(920)	(1)	-	-	-	-	(921)
Total sources of fair value	$ (907)	$ (41)	$ 1	$ (5)	$ (5)	$ (7)	$ (964)

Market Risk Sensitivity – Financial instruments and positions affecting the financial statements of FPL Group and FPL described below are held primarily 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. With respect to commodities, 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 and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. FPL Group manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees. Credit risk is also managed through the use of master netting agreements. FPL Group's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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 nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of December 31, 2006 and 2005, the VaR figures are as follows:

	Trading			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses [a]			Total		
	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group	FPL	FPL Energy	FPL Group
					(millions)				
December 31, 2005	$ -	$ 1	$ 1	$ 114	$ 38	$ 98	$ 114	$ 39	$ 98
December 31, 2006	$ -	$ 2	$ 2	$ 89	$ 57	$ 54	$ 89	$ 60	$ 56
Average for the period ended December 31, 2006	$ -	$ 2	$ 2	$ 113	$ 47	$ 88	$ 113	$ 48	$ 88

(a) Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are not marked to market. The VaR figures for the non-qualifying hedges and hedges in OCI and FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest rate risk – FPL Group and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in nuclear decommissioning reserve funds and interest rate swaps. FPL Group and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate swaps and adjusting their variable rate debt in relation to total capitalization.

The following are estimates of the fair value of FPL Group's and FPL's financial instruments:

	December 31, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(millions)		
FPL Group:				
Long-term debt, including current maturities	$ 11,236	$ 11,314[a]	$ 9,443	$ 9,540[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,430	$ 1,430[b]	$ 1,290	$ 1,290[b]
Other investments	$ 93	$ 93[b]	$ 80	$ 80[b]
Interest rate swaps – net unrealized gain (loss)	$ 6	$ 6[c]	$ (9)	$ (9)[c]
FPL:				
Long-term debt, including current maturities	$ 4,214	$ 4,208[a]	$ 3,406	$ 3,416[a]
Fixed income securities:				
Nuclear decommissioning reserve funds	$ 1,235	$ 1,235[b]	$ 1,151	$ 1,151[b]

(a) Based on market prices provided by external sources.
(b) Based on quoted market prices for these or similar issues.
(c) Based on market prices modeled internally.

The nuclear decommissioning reserve funds of FPL Group consist of restricted funds set aside to cover the cost of 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. At FPL, adjustments to market value result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. The market value adjustments of FPL Group's non-rate regulated operations result in a corresponding adjustment to OCI. See Note 10.

FPL Group and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to adjust and mitigate interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At December 31, 2006, the estimated fair value for FPL Group interest rate swaps was as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
Fair value hedges – FPL Group Capital:					
$ 300	November 2004	February 2007	variable[a]	4.086%	$ (2)
$ 275	December 2004	February 2007	variable[b]	4.086%	(2)
Total fair value hedges					(4)
Cash flow hedges – FPL Energy:					
$ 87	August 2002	December 2007	4.410%	variable[c]	1
$ 172	August 2003	November 2007	3.557%	variable[c]	2
$ 5	February 2005	June 2008	4.255%	variable[c]	1
$ 78	December 2003	December 2017	4.245%	variable[c]	3
$ 26	April 2004	December 2017	3.845%	variable[c]	1
$ 234	December 2005	November 2019	4.905%	variable[c]	2
Total cash flow hedges					10
Total interest rate hedges					$ 6

(a) Three-month LIBOR plus 0.50577%
(b) Three-month LIBOR plus 0.4025%
(c) Three-month LIBOR

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of FPL Group's net liabilities would increase by approximately $390 million ($200 million for FPL) at December 31, 2006.

Equity price risk – Included in the nuclear decommissioning reserve funds of FPL Group are marketable equity securities carried at their market value of approximately $1,395 million and $1,113 million ($1,029 million and $933 million for FPL) at December 31, 2006 and 2005, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $139 million ($103 million for FPL) reduction in fair value and corresponding adjustments to the related liability accounts based on current regulatory treatment for FPL, or adjustments to OCI for FPL Group's non-rate regulated operations, at December 31, 2006.

Credit risk – For all derivative and contractual transactions, FPL Group's energy marketing and trading operations, which includes FPL's energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Relevant considerations when assessing FPL Group's energy marketing and trading operations' credit risk exposure include:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the United States.
- Overall credit risk is managed through established credit policies.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of cash collateral.
- The use of master netting agreements to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. FPL Group's policy is to have master netting agreements in place with significant counterparties.

Based on FPL Group's policies and risk exposures related to credit, FPL Group and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of December 31, 2006, approximately 97% of FPL Group's and 100% of FPL's energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

FPL Group, Inc.'s (FPL Group) and Florida Power & Light Company's (FPL) management are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The consolidated financial statements, which in part are based on informed judgments and estimates made by management, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

To aid in carrying out this responsibility, we, along with all other members of management, maintain a system of internal accounting control which is established after weighing the cost of such controls against the benefits derived. In the opinion of management, the overall system of internal accounting control provides reasonable assurance that the assets of FPL Group and its subsidiaries are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded for the preparation of financial statements. In addition, management believes the overall system of internal accounting control provides reasonable assurance that material errors or irregularities would be prevented or detected on a timely basis by employees in the normal course of their duties. Any system of internal accounting control, no matter how well designed, has inherent limitations, including the possibility that controls can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation and reporting.

The system of internal accounting control is supported by written policies and guidelines, the selection and training of qualified employees, an organizational structure that provides an appropriate division of responsibility and a program of internal auditing. FPL Group's written policies include a Code of Business Conduct & Ethics that states management's policy on conflict of interest and ethical conduct. Compliance with the Code of Business Conduct & Ethics is confirmed annually by key personnel.

The Board of Directors pursues its oversight responsibility for financial reporting and accounting through its Audit Committee. This Committee, which is comprised entirely of outside directors, meets regularly with management, the internal auditors and the independent auditors to make inquiries as to the manner in which the responsibilities of each are being discharged. The independent auditors and the internal audit staff have free access to the Committee without management's presence to discuss auditing, internal accounting control and financial reporting matters.

In accordance with the SEC's published guidance, we have excluded from our current assessment the internal control over financial reporting for Duane Arnold Energy Center in which a 70 percent interest was acquired on January 27, 2006 and whose financial statements reflect total assets and revenues consisting of approximately two percent and approximately one percent, respectively, of FPL Group's consolidated total assets and operating revenues as of and for the year ended December 31, 2006. FPL Group will include Duane Arnold Energy Center in its assessment as of December 31, 2007.

Management assessed the effectiveness of FPL Group's and FPL's internal control over financial reporting as of December 31, 2006, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control – Integrated Framework and also the standards of the Public Company Accounting Oversight Board. Based on this assessment, management believes that FPL Group's and FPL's internal control over financial reporting was effective as of December 31, 2006.

FPL Group's and FPL's independent registered public accounting firm, Deloitte & Touche LLP, is engaged to express an opinion on FPL Group's and FPL's consolidated financial statements and an opinion on FPL Group's and FPL's internal control over financial reporting. Their reports are based on procedures believed by them to provide a reasonable basis to support such opinions. FPL Group's and FPL's independent registered public accounting firm has issued an attestation report on management's assessment of FPL Group's and FPL's internal control over financial reporting. That report appears on the following page.

LEWIS HAY, III

Lewis Hay, III
Chairman and Chief Executive Officer of FPL Group
and Chairman and Chief Executive Officer of FPL

MORAY P. DEWHURST

Moray P. Dewhurst
Vice President, Finance and Chief
Financial Officer of FPL Group
and Senior Vice President, Finance
and Chief Financial Officer of FPL

K. MICHAEL DAVIS

K. Michael Davis
Controller and Chief Accounting Officer
of FPL Group and Vice President,
Accounting, Controller and Chief
Accounting Officer of FPL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
FPL Group, Inc. and Florida Power & Light Company:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that FPL Group, Inc. and subsidiaries (FPL Group) and Florida Power & Light Company and subsidiaries (FPL) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from their assessment the internal control over financial reporting for Duane Arnold Energy Center in which a 70 percent interest was acquired on January 27, 2006 and whose financial statements reflect total assets and revenues constituting approximately two percent and approximately one percent, respectively, of the related consolidated financial statement amounts of FPL Group as of and for the year ended December 31, 2006. Accordingly, our audit of FPL Group did not include the internal control over financial reporting for Duane Arnold Energy Center in which a 70 percent interest was acquired on January 27, 2006. FPL Group's management and FPL's management are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of FPL Group's and FPL's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audits included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that FPL Group and FPL maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, FPL Group and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2006 of FPL Group and FPL and our report dated February 26, 2007 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding FPL Group's and FPL's accounting changes resulting from the adoption of new accounting standards.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 26, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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 (FPL Group) and the separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2006 and 2005, and the related consolidated statements of income, common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. 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 the standards of the Public Company Accounting Oversight Board (United States). 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 and the financial position of FPL at December 31, 2006 and 2005, and the respective results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, in 2006 FPL Group and FPL changed their method of accounting for planned major maintenance activities to adopt FASB Staff Position AUG AIR-1, *Accounting for Planned Major Maintenance Activities* and, retrospectively, adjusted the 2005 and 2004 financial statements for the change. As discussed in Note 3 to the consolidated financial statements, in 2006, FPL Group also adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of FPL Group's and FPL's internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of FPL Group's and FPL's internal control over financial reporting and an unqualified opinion on the effectiveness of FPL Group's and FPL's internal control over financial reporting.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 26, 2007

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)

	Years Ended December 31,		
	2006	2005*	2004*
OPERATING REVENUES	$ 15,710	$ 11,846	$ 10,522
OPERATING EXPENSES			
Fuel, purchased power and interchange	8,943	6,171	5,217
Other operations and maintenance	2,022	1,814	1,659
Impairment and restructuring charges	105	-	81
Disallowed storm costs	52	-	-
Merger-related	23	-	-
Amortization of storm reserve deficiency	151	155	-
Depreciation and amortization	1,185	1,285	1,198
Taxes other than income taxes	1,132	931	882
Total operating expenses	13,613	10,356	9,037
OPERATING INCOME	2,097	1,490	1,485
OTHER INCOME (DEDUCTIONS)			
Interest charges	(706)	(593)	(489)
Equity in earnings of equity method investees	181	124	96
Gains (losses) on disposal of assets	29	52	(3)
Allowance for equity funds used during construction	21	28	37
Interest income	53	59	25
Other – net	3	23	17
Total other deductions – net	(419)	(307)	(317)
INCOME BEFORE INCOME TAXES	1,678	1,183	1,168
INCOME TAXES	397	282	272
NET INCOME	$ 1,281	$ 901	$ 896
Earnings per share of common stock:			
Basic	$ 3.25	$ 2.37	$ 2.50
Assuming dilution	$ 3.23	$ 2.34	$ 2.48
Dividends per share of common stock	$ 1.50	$ 1.42	$ 1.30
Weighted-average number of common shares outstanding:			
Basic	393.5	380.1	358.6
Assuming dilution	396.5	385.7	361.7

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

FPL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31, 2006	December 31, 2005*
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 34,071	$ 31,844
Nuclear fuel	688	520
Construction work in progress	1,393	945
Less accumulated depreciation and amortization	(11,653)	(10,888)
Total property, plant and equipment – net	24,499	22,421
CURRENT ASSETS		
Cash and cash equivalents	620	530
Customer receivables, net of allowances of $32 and $34, respectively	1,279	1,064
Other receivables, net of allowances of $8 and $9, respectively	377	366
Materials, supplies and fossil fuel inventory – at average cost	785	567
Regulatory assets:		
Deferred clause and franchise expenses	167	795
Storm reserve deficiency	106	156
Derivatives	921	-
Other	3	7
Derivatives	376	1,074
Other	365	428
Total current assets	4,999	4,987
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,824	2,401
Pension plan assets – net	1,608	849
Other investments	533	474
Regulatory assets:		
Storm reserve deficiency	762	957
Deferred clause expenses	-	307
Unamortized loss on reacquired debt	39	42
Other	80	37
Other	647	515
Total other assets	6,493	5,582
TOTAL ASSETS	$ 35,991	$ 32,990
CAPITALIZATION		
Common shareholders' equity	$ 9,930	$ 8,561
Long-term debt	9,591	8,039
Total capitalization	19,521	16,600
CURRENT LIABILITIES		
Commercial paper	1,097	1,159
Current maturities of long-term debt	1,645	1,404
Accounts payable	1,060	1,245
Customer deposits	510	433
Margin cash deposits	35	393
Accrued interest and taxes	302	253
Regulatory liabilities:		
Deferred clause and franchise revenues	37	32
Derivatives	-	757
Pension	17	-
Derivatives	1,144	463
Other	646	1,128
Total current liabilities	6,493	7,267
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,820	1,685
Accumulated deferred income taxes	3,432	3,052
Regulatory liabilities:		
Accrued asset removal costs	2,044	2,033
Asset retirement obligation regulatory expense difference	868	786
Pension	531	-
Other	209	256
Other	1,073	1,311
Total other liabilities and deferred credits	9,977	9,123
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 35,991	$ 32,990

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2006	2005*	2004*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,281	$ 901	$ 896
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,143	1,242	1,153
Nuclear fuel amortization	127	99	93
Impairment and restructuring charges	105	-	33
Recoverable storm-related costs of FPL	(364)	(659)	(627)
Amortization of storm reserve deficiency	151	155	-
Unrealized (gains) losses on marked to market energy contracts	(173)	191	25
Deferred income taxes	393	343	433
Cost recovery clauses and franchise fees	940	(825)	144
Change in prepaid option premiums	(66)	(57)	21
Equity in earnings of equity method investees	(181)	(124)	(96)
Distributions of earnings from equity method investees	104	86	83
Changes in operating assets and liabilities:			
Customer receivables	(215)	(225)	23
Other receivables	62	(64)	16
Material, supplies and fossil fuel inventory	(203)	(173)	29
Other current assets	8	(9)	(10)
Other assets	(142)	(47)	(88)
Accounts payable	(202)	346	220
Customer deposits	76	32	37
Margin cash deposits	(546)	387	5
Income taxes	(46)	(51)	108
Interest and other taxes	49	29	(2)
Other current liabilities	50	(95)	80
Other liabilities	32	(53)	(48)
Other – net	115	118	122
Net cash provided by operating activities	2,498	1,547	2,650
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	(1,763)	(1,616)	(1,394)
Independent power investments	(1,701)	(815)	(476)
Nuclear fuel purchases	(212)	(102)	(141)
Other capital expenditures	(63)	(13)	(6)
Sale of independent power investments	20	69	93
Loan repayments and capital distributions from equity method investees	-	199	9
Proceeds from sale of securities in nuclear decommissioning and storm funds	3,135	2,837	2,311
Purchases of securities in nuclear decommissisioning and storm funds	(3,217)	(2,956)	(2,220)
Proceeds from sale of other securities	96	100	30
Purchases of other securities	(109)	(112)	(45)
Sale of Olympus Communications, L.P. note receivable	-	-	126
Funding of secured loan	-	(43)	(128)
Repayment of secured loan	-	218	-
Proceeds from termination and sale of leveraged leases	-	58	-
Other – net	7	11	(31)
Net cash used in investing activities	(3,807)	(2,165)	(1,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	3,408	1,391	569
Retirements of long-term debt and FPL preferred stock	(1,665)	(1,220)	(432)
Proceeds from purchased Corporate Units	210	-	-
Payments to terminate Corporate Units	(258)	-	-
Net change in short-term debt	(62)	667	(423)
Issuances of common stock	333	639	110
Dividends on common stock	(593)	(544)	(467)
Other – net	26	(10)	(39)
Net cash provided by (used in) financing activities	1,399	923	(682)
Net increase in cash and cash equivalents	90	305	96
Cash and cash equivalents at beginning of year	530	225	129
Cash and cash equivalents at end of year	$ 620	$ 530	$ 225
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 648	$ 543	$ 460
Cash paid (received) for income taxes – net	$ 30	$ 8	$ (254)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Issuance of common stock and conversion of options and warrants in connection with the acquisition of Gexa Corp.	$ -	$ 74	$ -

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY [a]
(millions)

	Common Stock [b]		Additional Paid-In Capital	Unearned Compensation	Accumulated Other Comprehensive Income (Loss) [c]	Retained Earnings*	Common Shareholders' Equity*
	Shares	Aggregate Par Value					
Balances, January 1, 2004	369	$ 4	$ 3,395	$ (181)	$ 4	$ 3,782	$ 7,004
Net income	-	-	-	-	-	896	
Issuances of common stock, net of issuance cost of less than $1	2	-	83	-	-	-	
Exercise of stock options and other incentive plan activity	1	-	77	-	-	-	
Dividends on common stock	-	-	-	-	-	(467)	
Earned compensation under ESOP	-	-	21	16	-	-	
Other comprehensive loss	-	-	-	-	(50)	-	
Other	-	-	1	2	-	-	
Balances, December 31, 2004	372 [d]	4	3,577	(163)	(46)	4,211	$ 7,583
Net income	-	-	-	-	-	901	
Issuances of common stock, net of issuance cost of less than $1	20	-	645	-	-	-	
Exercise of stock options and other incentive plan activity	3	-	98	-	-	-	
Dividends on common stock	-	-	-	-	-	(544)	
Earned compensation under ESOP	-	-	19	14	-	-	
Other comprehensive loss	-	-	-	-	(147)	-	
Other	-	-	1	(9)	-	-	
Balances, December 31, 2005	395 [d]	4	4,340	(158)	(193)	4,568	$ 8,561
Net income	-	-	-	-	-	1,281	
Issuances of common stock, net of issuance cost of less than $1	9	-	307	-	-	-	
Exercise of stock options and other incentive plan activity	1	-	64	-	-	-	
Dividends on common stock	-	-	-	-	-	(593)	
Earned compensation under ESOP	-	-	21	14	-	-	
Termination of Corporate Units, net of tax benefit of $15 million	-	-	(33)	-	-	-	
Other comprehensive income	-	-	-	-	210	-	
Implementation of FAS 158	-	-	-	-	98	-	
Other	-	-	(1)	1	-	-	
Balances, December 31, 2006	405 [d]	$ 4	$ 4,698	$ (143)	$ 115	$ 5,256	$ 9,930

(a) Information pertaining to shares, aggregate par value and additional paid-in capital have been restated to reflect the two-for-one stock split effective March 15, 2005. See Note 12 – Earnings Per Share.

(b) $0.01 par value, authorized – 800,000,000 shares; outstanding shares 405,404,438, 394,854,416 and 372,351,756 at December 31, 2006, 2005 and 2004, respectively.

(c) Comprehensive income, which includes net income and other comprehensive income (loss), totaled approximately $1,491 million, $754 million and $846 million for 2006, 2005 and 2004, respectively.

(d) Outstanding and unallocated shares held by the Employee Stock Ownership Plan Trust totaled approximately 9 million, 10 million and 11 million at December 31, 2006, 2005 and 2004, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(millions)

	Years Ended December 31,		
	2006	2005	2004
OPERATING REVENUES	$ 11,988	$ 9,528	$ 8,734
OPERATING EXPENSES			
Fuel, purchased power and interchange	7,116	4,910	4,467
Other operations and maintenance	1,374	1,307	1,228
Disallowed storm costs	52	-	-
Amortization of storm reserve deficiency	151	155	-
Depreciation and amortization	787	951	915
Taxes other than income taxes	1,045	858	809
Total operating expenses	10,525	8,181	7,419
OPERATING INCOME	1,463	1,347	1,315
OTHER INCOME (DEDUCTIONS)			
Interest charges	(278)	(224)	(183)
Allowance for equity funds used during construction	21	28	37
Other – net	20	5	(10)
Total other deductions – net	(237)	(191)	(156)
INCOME BEFORE INCOME TAXES	1,226	1,156	1,159
INCOME TAXES	424	408	409
NET INCOME	802	748	750
PREFERRED STOCK DIVIDENDS	-	-	1
NET INCOME AVAILABLE TO FPL GROUP	$ 802	$ 748	$ 749

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31,	
	2006	2005*
ELECTRIC UTILITY PLANT		
Plant in service	$ 24,150	$ 23,251
Nuclear fuel	423	380
Construction work in progress	1,113	776
Less accumulated depreciation and amortization	(9,848)	(9,530)
Electric utility plant – net	15,838	14,877
CURRENT ASSETS		
Cash and cash equivalents	64	56
Customer receivables, net of allowances of $15 and $20, respectively	872	653
Other receivables, net of allowances of $1 and $1, respectively	221	313
Materials, supplies and fossil fuel inventory – at average cost	558	449
Regulatory assets:		
Deferred clause and franchise expenses	167	795
Storm reserve deficiency	106	156
Derivatives	921	-
Other	-	7
Derivatives	4	828
Other	202	212
Total current assets	3,115	3,469
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,264	2,083
Pension plan assets – net	857	802
Regulatory assets:		
Storm reserve deficiency	762	957
Deferred clause expenses	-	307
Unamortized loss on reacquired debt	39	42
Other	37	37
Other	161	152
Total other assets	4,120	4,380
TOTAL ASSETS	$ 23,073	$ 22,726
CAPITALIZATION		
Common shareholder's equity	$ 7,539	$ 6,737
Long-term debt	4,214	3,271
Total capitalization	11,753	10,008
CURRENT LIABILITIES		
Commercial paper	630	1,159
Current maturities of long-term debt	-	135
Accounts payable	735	863
Customer deposits	500	423
Margin cash deposits	-	382
Accrued interest and taxes	281	174
Regulatory liabilities:		
Deferred clause and franchise revenues	37	32
Derivatives	-	757
Derivatives	780	-
Other	423	929
Total current liabilities	3,386	4,854
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,572	1,474
Accumulated deferred income taxes	2,561	2,647
Regulatory liabilities:		
Accrued asset removal costs	2,044	2,033
Asset retirement obligation regulatory expense difference	868	786
Other	209	256
Other	680	668
Total other liabilities and deferred credits	7,934	7,864
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 23,073	$ 22,726

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 802	$ 748	$ 750
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	745	909	870
Nuclear fuel amortization	89	72	66
Recoverable storm-related costs	(364)	(659)	(627)
Amortization of storm reserve deficiency	151	155	-
Deferred income taxes	27	531	553
Cost recovery clauses and franchise fees	940	(825)	144
Change in prepaid option premiums	(73)	(43)	9
Changes in operating assets and liabilities:			
Customer receivables	(219)	(68)	51
Other receivables	40	(26)	(5)
Material, supplies and fossil fuel inventory	(110)	(133)	39
Other current assets	9	(9)	(8)
Other assets	(83)	(43)	(77)
Accounts payable	(124)	221	171
Customer deposits	77	35	42
Margin cash deposits	(485)	382	-
Income taxes	157	(71)	(61)
Interest and other taxes	24	17	(1)
Other current liabilities	16	(44)	27
Other liabilities	10	31	(37)
Other – net	39	58	42
Net cash provided by operating activities	1,668	1,238	1,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(1,763)	(1,616)	(1,394)
Nuclear fuel purchases	(105)	(95)	(90)
Proceeds from sale of securities in nuclear decommissioning and storm funds	2,673	2,767	2,290
Purchases of securities in nuclear decommissioning and storm funds	(2,738)	(2,870)	(2,206)
Other – net	-	(2)	-
Net cash used in investing activities	(1,933)	(1,816)	(1,400)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	937	588	236
Retirements of long-term debt	(135)	(500)	-
Issuances of preferred stock	-	-	20
Retirements of preferred stock	-	(25)	-
Net change in short-term debt	(529)	667	(139)
Dividends	-	(161)	(604)
Net cash provided by (used in) financing activities	273	569	(487)
Net increase (decrease) in cash and cash equivalents	8	(9)	61
Cash and cash equivalents at beginning of year	56	65	4
Cash and cash equivalents at end of year	$ 64	$ 56	$ 65
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	$ 257	$ 217	$ 167
Cash paid (received) for income taxes – net	$ 339	$ (46)	$ (60)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(millions)

	Common Stock [a]	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2003	$ 1,373	$ 4,318	$ 313	
Net income available to FPL Group	-	-	749	
Dividends to FPL Group	-	-	(603)	
Balances, December 31, 2004	1,373	4,318	459	$ 6,150
Net income available to FPL Group	-	-	748	
Dividends to FPL Group	-	-	(161)	
Balances, December 31, 2005	1,373	4,318	1,046	$ 6,737
Net income available to FPL Group	-	-	802	
Balances, December 31, 2006	$ 1,373	$ 4,318	$ 1,848	$ 7,539

[a] Common stock, no par value, 1,000 shares authorized, issued and outstanding.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2006, 2005 and 2004

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 4.4 million customer accounts 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. Amounts included in the consolidated financial statements and the accompanying notes have been adjusted to reflect the retrospective application of a Financial Accounting Standards Board (FASB) Staff Position (FSP) related to planned major maintenance activities (Major Maintenance FSP). See Major Maintenance Costs below. In addition, 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.

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, the under- or over-recoveries can significantly affect FPL Group's and FPL's operating cash flows.

Beginning in 2004, in order to comply with a U.S. Nuclear Regulatory Commission (NRC) order, FPL incurred additional cost to modify its security systems at its St. Lucie and Turkey Point nuclear units. During 2005 and 2004, FPL incurred and deferred pursuant to an FPSC order a total of approximately $37 million in additional costs as a regulatory asset (included in regulatory assets – other) and, in 2005, accrued interest on the deferred amount at an FPSC-approved rate of 7.29%. During 2005, FPL reduced the regulatory asset by the amount of the reduction in the decommissioning accrual approved by the FPSC in the 2005 rate agreement discussed below. Effective January 1, 2006, the remaining balance of approximately $13 million was included in rate base and is being amortized over a four-year period and included in depreciation expense. At December 31, 2006 the remaining balance was approximately $10 million.

In 2000, a bankruptcy court approved a $222.5 million settlement of a contract dispute between FPL and two qualifying facilities. As approved by the FPSC, FPL recovered the cost of the settlement through the fuel and purchased power cost recovery clause (fuel clause) and capacity cost recovery clause (capacity clause) over a five-year period which began January 1, 2002. The settlement cost is included in deferred clause and franchise expenses on FPL Group's and FPL's December 31, 2005 consolidated balance sheet.

If FPL were no longer subject to cost-based rate regulation, the 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.

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 approximately $122 million and $123 million at December 31, 2006 and 2005, respectively. FPL's operating revenues also include amounts resulting from cost recovery clauses (see Regulation), franchise fees, gross receipts taxes and beginning in 2005 a surcharge related to the recovery of storm restoration costs associated with the 2004 hurricanes (see Storm Reserve Deficiency). Franchise fees and

gross receipts taxes are imposed on FPL; however, the FPSC allows FPL to include in the amounts 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's and FPL's consolidated statements of income and were approximately $773 million, $604 million and $558 million in 2006, 2005 and 2004, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on FPL Group's and FPL's consolidated balance sheets.

In 2005, the FPSC approved a stipulation and settlement agreement regarding FPL's retail base rates (2005 rate agreement), signed by FPL and all of the interveners in its 2005 rate case filing. FPL expects the 2005 rate agreement to be in effect through December 31, 2009, and thereafter shall remain in effect until terminated on the date new retail base rates become effective pursuant to an FPSC order. The 2005 rate agreement replaced a rate agreement that was effective April 15, 2002 through December 31, 2005 (2002 rate agreement).

The 2005 rate agreement provides that retail base rates will not increase during the term of the agreement except to allow recovery of the revenue requirements of any power plant approved pursuant to the Florida Power Plant Siting Act (Siting Act) that achieves commercial operation during the term of the 2005 rate agreement. Retail base rates will increase approximately $127 million on an annualized basis when a 1,144 megawatt (mw) natural gas-fired plant at FPL's Turkey Point site (Turkey Point Unit No. 5) is placed in service which is expected to occur in the second quarter of 2007. The 2005 rate agreement also continues the revenue sharing mechanism in FPL's 2002 rate agreement, whereby revenues from retail base operations in excess of certain thresholds will be shared with customers on the basis of two-thirds refunded to customers and one-third retained by FPL. Revenues from retail base operations in excess of a second, higher threshold (cap) will be refunded 100% to customers. The revenue sharing threshold and cap for 2007 and each succeeding year is established by increasing the prior year's threshold and cap by the sum of the following: (i) the average annual growth rate in retail kwh sales for the ten-year period ending December 31 of the preceding year multiplied by the prior year's retail base rate revenue sharing threshold and cap and (ii) the amount of any incremental base rate increases for power plants approved pursuant to the Siting Act that achieve commercial operation during the term of the 2005 rate agreement. The revenue sharing threshold and cap for 2007 is estimated to be $4,203 million and $4,373 million, respectively, and will be adjusted based on the actual incremental base revenues associated with Turkey Point Unit No. 5 going into service in the second quarter of 2007.

Under both the 2005 and 2002 rate agreements, the accrual for the refund associated with the revenue sharing mechanism is or was 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 both the 2005 and 2002 rate agreements, the annual refund (including interest) is or was paid to customers as a credit to their February electric bill. For the years ended December 31, 2006, 2005 and 2004, there were no refunds due to customers.

Under the terms of the 2005 rate agreement: (i) FPL's electric property depreciation rates are based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL may reduce depreciation by up to $125 million annually, (ii) FPL suspended contributions of approximately $79 million per year to its nuclear decommissioning fund beginning in September 2005, (iii) FPL suspended contributions of $20.3 million per year to its storm and property insurance reserve beginning in January 2006 and has the ability to recover prudently incurred storm restoration costs, either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges, and (iv) FPL will be allowed to recover through a cost recovery clause prudently incurred incremental costs associated with complying with an FPSC or FERC order regarding a regional transmission organization.

FPL does not have an authorized regulatory return on common equity (ROE) under the 2005 rate agreement for the purpose of addressing earnings levels. For all other regulatory purposes, FPL has an ROE of 11.75%. Under the 2005 rate agreement, the revenue sharing mechanism described above is the appropriate and exclusive mechanism to address earnings levels. However, if FPL's regulatory ROE, as reported to the FPSC in FPL's monthly earnings surveillance report, falls below 10% during the term of the 2005 rate agreement, FPL may petition the FPSC to amend its base rates.

The 2002 rate agreement provided 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% as well as a revenue sharing mechanism based on stated thresholds. During the term of the 2002 rate agreement, FPL did not have an authorized regulatory ROE range for the purpose of addressing earnings levels and FPL reduced depreciation on its plant in service by $125 million each year.

FPL Energy's revenue is recorded as electricity is delivered, which is when revenue is earned. FPL Energy's retail energy business records unbilled revenues for the estimated amount of energy delivered to customers but not yet billed. Unbilled revenues are included in customer receivables and amounted to approximately $28 million and $30 million at December 31, 2006 and 2005, respectively.

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 estimated net salvage value, 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, 2006, the electric generating, transmission, distribution and general facilities of FPL represented approximately 44%, 13%, 38% and 5%, respectively, of FPL's gross investment in electric utility plant in service. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. A number of FPL Energy's generating facilities are encumbered by liens against their assets securing various financings. The net book value of FPL Energy's assets serving as collateral was approximately $4.6 billion at December 31, 2006.

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 of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs). For substantially all of FPL's property, depreciation studies are performed and filed with the FPSC at least every four years. Pursuant to the 2005 rate agreement, FPL implemented new depreciation rates on January 1, 2006 based on depreciation studies filed with the FPSC in March 2005. Under the 2002 and 2005 rate agreements (see Revenues and Rates), FPL reduced depreciation by $125 million annually, which it has been doing since 2002. The weighted annual composite depreciation rate for FPL's electric plant in service, including capitalized software, but excluding the effects of decommissioning and dismantlement, was approximately 3.6%, 4.3% and 4.2% for 2006, 2005 and 2004, respectively. These rates exclude the depreciation adjustments discussed above. FPL Energy's electric plants in service less salvage value are depreciated primarily using the straight-line method over their estimated useful lives. FPL Energy's effective depreciation rates, excluding decommissioning, were 4.1%, 3.9% and 3.9% for 2006, 2005 and 2004, respectively.

Nuclear Fuel – FPL leases nuclear fuel for all four of its nuclear units. FPL Group and FPL consolidate the lessor entity in accordance with FASB Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities," as revised (FIN 46(R)). See Note 9 – FPL.

FPL Energy's nuclear units have several contracts for the supply, conversion, enrichment and fabrication of nuclear fuel. See Note 16 – Contracts. FPL Energy's nuclear fuel costs are charged to fuel expense on a unit of production method.

Construction Activity – Allowance for funds used during construction (AFUDC) is a non-cash item which represents the allowed cost of capital, including an ROE, 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. 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. FPSC rules allow construction projects below the 0.5% threshold as a component of rate base. During 2006, 2005 and 2004, AFUDC was capitalized at a rate of 7.42%, 7.42% and 7.29%, respectively, and amounted to approximately $32 million, $41 million and $48 million, respectively. See Note 16 – Commitments.

FPL's construction work in progress at December 31, 2006 includes construction materials, progress payments on major equipment contracts, third party engineering costs and other costs directly associated with the construction of various projects. Upon completion of the projects, these costs are transferred to electric utility plant in service. At December 31, 2006 and 2005, FPL recorded approximately $152 million and $156 million, respectively, of construction accruals, which are included in other current liabilities on FPL Group's and FPL's consolidated balance sheets.

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, 2006 and 2005, FPL Energy's capitalized development costs totaled approximately $22 million and $19 million, respectively, which are included in other assets on FPL Group's consolidated balance sheets. These costs include emission reduction credits, land rights and other third party costs directly associated with the development of a new project. Upon commencement of construction, these costs either are transferred to construction work in progress or remain in 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.

FPL Energy's construction work in progress includes construction materials, prepayments on turbine generators, third party engineering costs, capitalized interest and other costs directly associated with the construction and development of the project. Interest capitalized on construction projects amounted to $17 million, $8 million and $43 million during 2006, 2005 and 2004, respectively. FPL Energy's interest charges are based on a deemed capital structure of 50% debt for operating projects and 100% debt for projects under construction. Upon commencement of plant operation, costs associated with construction work in progress are transferred to electric utility plant in service and other property. At December 31, 2006 and 2005, FPL Energy recorded approximately $38 million and $73 million, respectively, of construction accruals, which are included in other current liabilities on FPL Group's consolidated balance sheets.

Asset Retirement Obligations – FPL Group and FPL each account for asset retirement obligations and conditional asset

retirement obligations under FAS 143, "Accounting for Asset Retirement Obligations" and FIN 47, "Accounting for Conditional Asset Retirement Obligations." See Note 15.

Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – Following are the components of FPL Group's and FPL's decommissioning of nuclear plants, dismantlement of plants and other accrued asset removal costs:

	FPL									
	Nuclear Decommissioning		Fossil Dismantlement		Interim Removal Costs and Other		FPL Energy		FPL Group	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(millions)									
Asset retirement obligations (ARO)	$ 1,540	$ 1,460	$ 30	$ 11	$ 2	$ 3	$ 248	$ 211	$ 1,820	$ 1,685
Less capitalized ARO asset net of accumulated depreciation	55	57	5	2	-	1	-	-	60	60
Accrued asset removal costs [a]	192	178	279	277	1,573	1,578	-	-	2,044	2,033
Asset retirement obligation regulatory expense difference [a]	864	770	4	16	-	-	-	-	868	786
Accrued decommissioning, dismantlement and other accrued asset removal costs	$ 2,541 [b]	$ 2,351 [b]	$ 308 [b]	$ 302 [b]	$ 1,575 [b]	$ 1,580 [b]	$ 248	$ 211	$ 4,672	$ 4,444

(a) Regulatory liability on FPL Group's and FPL's consolidated balance sheets.
(b) Represents total amount accrued for ratemaking purposes.

FPL – For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear and fossil plants over the expected service life of each unit based on nuclear decommissioning and fossil dismantlement studies periodically filed with the FPSC. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. For financial reporting purposes, FPL recognizes decommissioning and dismantlement liabilities in accordance with FAS 143 and FIN 47. Any differences between expense recognized under FAS 143 and FIN 47 and the amount recoverable through rates are deferred in accordance with FAS 71. See Electric Plant, Depreciation and Amortization and Note 15.

Nuclear decommissioning studies are performed at least every five years and are submitted to the FPSC for approval. FPL filed updated nuclear decommissioning studies with the FPSC in December 2005. The studies filed in December 2005 support the suspension, effective September 2005, of the $79 million annual decommissioning accrual as provided for in the 2005 rate agreement. These studies reflect FPL's current plans, under the extended operating licenses, for prompt dismantlement of Turkey Point Units Nos. 3 and 4 following the end of plant operation with decommissioning activities commencing in 2032 and 2033, respectively, and provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 at the end of its useful life in 2043. 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 approximately $10.9 billion. FPL's portion of the ultimate cost of decommissioning its four units, expressed in 2006 dollars, is estimated by the studies to aggregate $2.1 billion.

During 2006, with respect to costs associated with nuclear decommissioning, FPL recognized approximately $80 million related to ARO accretion expense, approximately $2 million related to depreciation of the capitalized ARO asset and approximately $82 million to adjust the total accrual to reflect the suspension of the accrual by the FPSC effective September 1, 2005. During 2005, with respect to costs associated with nuclear decommissioning, FPL recognized approximately $112 million related to ARO accretion expense, approximately $7 million related to depreciation of the capitalized ARO asset, approximately $4 million related to the non-legal obligation included in accrued asset removal costs and approximately $70 million to adjust the total accrual to the $53 million approved by the FPSC for decommissioning expense (included in depreciation and amortization expense in FPL Group's and FPL's consolidated statements of income). During 2004, with respect to costs associated with nuclear decommissioning, FPL recognized approximately $106 million related to ARO accretion expense, approximately $8 million related to depreciation of the capitalized ARO asset, approximately $6 million related to the non-legal obligation included in accrued asset removal costs and approximately $41 million to adjust the total accrual to the $79 million approved by the FPSC for decommissioning expense (included in depreciation and amortization expense in FPL Group's and FPL's consolidated statements of income).

Restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds of FPL. Consistent with regulatory treatment, marketable securities held in the decommissioning funds are classified as available for sale and are carried at market value with market adjustments, including any other-than-temporary impairment losses, resulting in a corresponding adjustment to the related regulatory liability accounts. See Note 10. Contributions to the funds were based on current period decommissioning expense and were

suspended beginning September 2005. Additionally, fund earnings, net of taxes, are reinvested in the funds. Earnings are recognized as income and an offsetting expense is recorded to reflect a corresponding increase in the related regulatory liability accounts. As a result, there is no effect on net income. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

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, 2003. The studies indicate that FPL's portion of the ultimate cost to dismantle its fossil units is $668 million. During 2006, with respect to costs associated with fossil dismantlement, FPL recognized approximately $1 million related to ARO accretion expense and depreciation of the capitalized ARO asset, approximately $17 million related to the non-legal obligation included in accrued asset removal costs and approximately $1 million to adjust the total accrual to the $19 million approved by the FPSC for dismantlement expense (included in depreciation and amortization expense in FPL Group's and FPL's consolidated statements of income). FPL recognized fossil dismantlement expense of approximately $19 million in both 2005 and 2004, which is included in depreciation and amortization expense.

FPL Energy – FPL Energy records nuclear decommissioning liabilities for Seabrook Station (Seabrook) and Duane Arnold Energy Center (Duane Arnold) in accordance with FAS 143 and FIN 47. See Note 15. At December 31, 2006 and 2005, FPL Energy's ARO related to nuclear decommissioning totaled approximately $213 million and $189 million, respectively, reflecting the fair value of FPL Energy's ultimate decommissioning liability for Seabrook and Duane Arnold. The fair value of the ultimate decommissioning liability as of December 31, 2006 was determined using various internal and external data. FPL Energy's portion of the ultimate cost of decommissioning Seabrook and Duane Arnold, including costs associated with spent fuel storage, is approximately $4.3 billion, or $725 million expressed in 2006 dollars. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete.

Seabrook's decommissioning funding plan is based on a comprehensive nuclear decommissioning study filed with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) in 2003 and is effective for four years. Currently, there are no ongoing decommissioning funding requirements for Duane Arnold, however, the NRC has the authority to require additional funding in the future. FPL Energy's portion of Seabrook's and Duane Arnold's restricted trust funds for the payment of future expenditures to decommission these plants is included in FPL Group's nuclear decommissioning reserve funds. Marketable securities held in the decommissioning funds are classified as available for sale and are carried at market value with market adjustments resulting in a corresponding adjustment to other comprehensive income (OCI). All unrealized losses associated with marketable securities that are considered to be other-than-temporary are recognized as an expense in other – net in FPL Group's consolidated statements of income. Fund earnings are recognized in income and are reinvested in the funds either on a pretax or after-tax basis. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes. See Note 10.

Major Maintenance Costs – FPL Group and FPL adopted the Major Maintenance FSP effective December 31, 2006. The Major Maintenance FSP eliminates the accrue-in-advance method for recognizing costs associated with planned major maintenance activities, and requires retrospective application to all prior periods presented. Prior to adoption of the Major Maintenance FSP, FPL and FPL Energy utilized the accrue-in-advance method to account for certain planned major maintenance costs. Upon adoption of the Major Maintenance FSP, FPL will continue to apply the accrue-in-advance method in accordance with regulatory treatment and has reclassified the accrual to a regulatory liability. FPL Energy utilizes the deferral method to account for certain planned major maintenance costs.

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. Any difference between the estimated and actual costs is included in O&M expenses when known. The estimated costs for inspection and repair of FPL's four reactor vessel heads were deferred and were amortized on a levelized basis over a five-year period beginning in 2002 as authorized by the FPSC, and amounted to approximately $1 million in 2006, $11 million in 2005 and $10 million in 2004. The accrued liability for nuclear maintenance costs, including those for the reactor vessel heads, at December 31, 2006 and 2005 totaled approximately $47 million and $79 million, respectively, and is included in regulatory liabilities – other. For the years ended December 31, 2006, 2005 and 2004, FPL recognized approximately $79 million, $96 million and $97 million, respectively, in nuclear maintenance costs (including reactor vessel head inspection and repair costs) which are included in O&M expenses in FPL Group's and FPL's consolidated income statements.

FPL Energy's major maintenance costs for its combustion turbines are capitalized and amortized on a units of production method over the period from the end of the last outage to the beginning of the next planned outage. FPL Energy's major maintenance costs for its nuclear generating units are capitalized and amortized on a straight-line basis over the period from the end of the last outage to the beginning of the next planned outage. FPL Energy's deferred major maintenance costs totaled approximately $51 million and $22 million at December 31, 2006 and 2005, respectively, and are included in other assets. For the years ended December 31, 2006, 2005 and 2004, FPL Energy recognized approximately $49 million, $38 million and $43 million in major maintenance costs which are included in O&M expenses in FPL Group's consolidated income statements.

As a result of the retrospective application of the Major Maintenance FSP, FPL Group's and FPL's consolidated balance sheet line items increased (decreased) by the following amounts:

	December 31, 2005	
	FPL Group	FPL
	(millions)	
Electric utility plant in service and other property	$ (42)	$ -
Other investments	$ 7	$ -
Other assets	$ 21	$ -
Common shareholders' equity [a]	$ 62	$ -
Accumulated deferred income taxes	$ 37	$ -
Regulatory liabilities – other	$ 75	$ 75
Other liabilities	$ (188)	$ (75)

[a] Common shareholders' equity at December 31, 2004 and January 1, 2004 increased by $46 million and $37 million, respectively.

As a result of the retrospective application of the Major Maintenance FSP, FPL Group's consolidated income statement line items increased (decreased) by the following amounts:

	December 31,	
	2005	2004
	(millions, except per share amounts)	
Other O&M expenses	$ (26)	$ (13)
Equity in earnings of equity method investees	$ -	$ 2
Other – net	$ -	$ (1)
Income taxes	$ 10	$ 5
Net income	$ 16	$ 9
Earnings per share of common stock – basic	$ 0.04	$ 0.03
Earnings per share of common stock – assuming dilution	$ 0.05	$ 0.03

Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Restricted Cash – At December 31, 2006 and 2005, FPL Group had approximately $218 million ($103 million for FPL) and $56 million (none for FPL), respectively, of restricted cash included in other current assets on FPL Group's and FPL's consolidated balance sheets, essentially all of which is restricted for margin collateral, debt service payments and O&M expenses.

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 regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of revenue based on the historical bad debt write-off trends for its retail energy business and, when necessary, using the specific identification method for all other receivables.

Inventory – FPL values materials, supplies and fossil fuel inventory using a weighted-average cost method. FPL Energy's materials, supplies and oil and gas inventories are carried at the lower of weighted-average cost or market, unless evidence indicates that the weighted-average cost (even if in excess of market) will be recovered with a normal profit upon sale in the ordinary course of business.

Energy Trading – FPL Group provides full energy and capacity requirements services to distribution utilities and engages in 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. Trading contracts that meet the definition of a derivative are accounted for at market value and realized gains and losses from all trading contracts, including those where physical delivery is required, are recorded net for all periods presented. See Note 4.

Fair Value Measurements – In September 2006, the FASB issued FAS 157, "Fair Value Measurements," which clarifies how to measure fair value and requires enhanced fair value measurement disclosures. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets for identical assets or liabilities. FPL Group and FPL will be required to adopt FAS 157 on January 1, 2008. FPL Group and FPL are currently evaluating the impact of FAS 157.

The Fair Value Option for Financial Assets and Financial Liabilities – In February 2007, the FASB issued FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits, but does not require, entities to account for financial instruments at fair value. The standard does not extend to non-financial instruments. FPL Group and FPL will be required to adopt FAS 159 on January 1, 2008. FPL Group and FPL are currently evaluating the impact of FAS 159.

Storm Reserve Deficiency – The storm reserve deficiency represents storm restoration costs incurred by FPL that exceeded the amounts in the storm and property insurance reserve and are probable of recovery through future rates. The storm and property insurance reserve provided FPL coverage toward storm damage costs and possible retrospective premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. The storm restoration costs were associated with hurricanes and storms that affected FPL's service territory primarily in 2004 and 2005. At December 31, 2006 and 2005, FPL's storm reserve deficiency totaled approximately $868 million and $1.1 billion, respectively, a portion of which is included in current assets.

In May 2006, the FPSC approved the issuance of up to $708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statutes for the net-of-tax recovery by FPL of the estimated storm reserve deficiency, including interest, and for a storm and property insurance reserve of $200 million. The unrecovered 2004 storm restoration costs are being recovered through a previously approved storm damage surcharge applied to retail customer bills since February 2005. Once the bonds are issued, a surcharge to retail customers will be used for repayment of the outstanding bonds. During 2006 and 2005, FPL billed to customers approximately $151 million and $155 million, respectively, through the storm damage surcharge, which is included in operating revenues on the consolidated statements of income. A corresponding expense for the amortization of the storm reserve deficiency is shown as a separate line on the consolidated statements of income. FPL is working with the FPSC staff and its financial advisors to complete the issuance of the bonds.

In its May 2006 decision, the FPSC applied a different standard for recovery of 2005 storm costs than was used for the 2004 storm costs. Accordingly, the FPSC made certain adjustments and disallowances to amounts sought to be recovered by FPL. In addition, the FPSC allowed FPL to recover interest on 2005 storm restoration costs. These adjustments and disallowances reduced FPL Group's and FPL's net income for the year ended December 31, 2006 by approximately $27 million, reduced FPL Group's and FPL's storm reserve deficiency by approximately $33 million and reduced FPL Group's and FPL's property, plant and equipment by approximately $11 million.

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 5.

Goodwill and Other Intangible Assets – FPL Group's goodwill and other intangible assets are as follows:

	Weighted Average Useful Lives (Years)	December 31, 2006	December 31, 2005
		(millions)	
Goodwill:			
Merchant reporting unit		$ 72	$ 72
Wind reporting unit		17	-
Total goodwill		$ 89	$ 72
Other intangible assets:			
Purchase power agreements	17	$ 59	$ 41
Customer lists	8	29	29
Other, primarily transmission and land rights, permits and licenses	30	58	53
Total		146	123
Less accumulated amortization		39	21
Total other intangible assets – net		$ 107	$ 102

FPL Energy has recorded goodwill in its merchant reporting unit related to the acquisition of Gexa Corp. in 2005 and in its wind reporting unit related to the acquisition of a wind modeling and analysis business in 2006. The acquisitions were accounted for using the purchase method of accounting. FPL Energy's other intangible assets are amortized, primarily on a straight-line basis, over their estimated useful lives. For the years ended December 31, 2006, 2005 and 2004, amortization expense was approximately $12 million, $8 million and $13 million, respectively, and is expected to be approximately $12 million, $11 million, $10 million, $10 million and $10 million for 2007, 2008, 2009, 2010 and 2011, respectively.

FPL Energy's goodwill and other intangible assets are included in other assets on FPL Group's consolidated balance sheets. In accordance with FAS 142, "Goodwill and Other Intangible Assets," goodwill is assessed for impairment at least

annually by applying a fair value-based test. Other intangible assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted future cash flows in accordance with FAS 144.

Stock-Based Compensation – On January 1, 2006, FPL Group adopted FAS 123(R), "Share-Based Payment." The statement requires costs related to share-based payment transactions to be recognized in the financial statements based on grant-date fair value. Because FPL Group adopted the fair value recognition provisions of FAS 123, "Accounting for Stock-Based Compensation," on January 1, 2004, the adoption of FAS 123(R) did not have a significant effect on FPL Group's financial statements. See Note 12 – Stock-Based Compensation.

Retirement of Long-Term Debt – Gains and losses that result from differences in FPL's reacquisition cost and the book value of long-term debt which is retired are deferred and amortized to interest expense ratably over the remaining life of the original issue, which is consistent with its treatment in the ratemaking process. 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. In connection with the tax sharing agreement between FPL Group and its subsidiaries, the income tax provision at each subsidiary reflects the use of the "separate return method," except that tax benefits that could not be utilized on a separate return basis, but are utilized on the consolidated tax return, are recorded by the subsidiary. Any remaining consolidated income tax benefits or detriments are recorded at the corporate level. Included in other regulatory assets on FPL Group's and FPL's consolidated balance sheets is 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 totaled $26 million and $23 million at December 31, 2006 and 2005, respectively, and is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities for which the deferred tax amount was initially recognized. 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. At December 31, 2006 and 2005, the ITC amount was approximately $46 million and $62 million, respectively, and is included in other regulatory liabilities on FPL Group's and FPL's consolidated balance sheets. Production tax credits (PTCs) are recognized as wind energy is generated based on a per kwh rate prescribed in applicable federal and state statutes. PTCs generated by certain wind operations of FPL Energy are recorded as a reduction of current income taxes payable, unless limited by tax law in which instance they are recorded as deferred tax assets. 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. Accruals for estimated losses from federal and state income tax contingencies are established when it is probable that an income tax liability has been incurred and the amount of such loss is reasonably estimable. See Note 6.

Guarantees – FPL Group and FPL each account for payment guarantees and related contracts, for which it or a subsidiary is the guarantor, under FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," which requires that the fair value of guarantees provided to unconsolidated entities entered into after December 31, 2002 be recorded on the balance sheet. See Note 16 – Commitments.

Variable Interest Entities (VIEs) – FIN 46, "Consolidation of Variable Interest Entities," as revised (FIN 46(R)), requires FPL Group and FPL to assess the variable interests they hold and determine if those entities are VIEs. See Note 9.

2. Merger

In December 2005, FPL Group and Constellation Energy Group, Inc. (Constellation Energy) entered into an agreement and plan of merger. As a result of continued uncertainty over regulatory and judicial matters in Maryland, on October 24, 2006, FPL Group and Constellation Energy mutually agreed to terminate the proposed merger. No termination fee is payable under the termination agreement unless Constellation Energy agrees with another party to a comparable transaction on or prior to September 30, 2007, in which case a fee will be payable to FPL Group by Constellation Energy. FPL Group recorded approximately $23 million of merger-related costs in 2006, including the write-off of previously capitalized transaction costs.

3. Employee Retirement Benefits

Employee Benefit Plans and Other Postretirement Plan – FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries, including Duane Arnold since January 2006. FPL Group allocates net periodic pension benefit income to its subsidiaries based on the pensionable earnings of the subsidiaries' employees. FPL Group also has a supplemental executive retirement plan (SERP). See Supplemental Retirement Plan below. FPL Group allocates net periodic SERP benefit costs to its subsidiaries based upon actuarial calculations by participant. In addition to pension benefits, FPL Group sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of FPL Group and its subsidiaries meeting certain eligibility requirements. FPL Group allocates other benefits net periodic benefit costs to its subsidiaries based upon the number of eligible employees at each subsidiary.

Implementation of FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" – Effective December 31, 2006, FPL Group adopted the recognition and disclosure provisions of FAS 158, which requires the reporting of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations on the balance sheet as part of accumulated other comprehensive income. Since FPL Group is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, the results of implementing the recognition and disclosure provisions of FAS 158 are reflected at FPL Group and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition assets or obligations that are estimated to be allocable to FPL as net periodic benefit (income) cost in future periods is classified as regulatory assets and liabilities at FPL Group in accordance with regulatory treatment as required by FAS 71.

As a result of implementing the recognition and disclosure provisions of FAS 158 as of December 31, 2006, FPL Group's consolidated balance sheet line items were increased by the following amounts (millions):

Assets:		Capitalization and liabilities:	
Current assets		Common shareholders' equity (accumulated OCI)	$ 98
Regulatory assets – other	$ 3	Current liabilities	
Other	5	Regulatory liabilities – pension	17
Other assets		Other	30
Pension plan assets – net	713	Other liabilities and deferred credits	
Regulatory assets – other	44	Accumulated deferred income taxes	64
Total assets	$ 765	Regulatory liabilities – pension	531
		Other	25
		Total capitalization and liabilities	$ 765

Benefit Obligations – FPL Group uses a measurement date of September 30 for its pension and other benefits plans. FAS 158 requires that FPL Group measure plan assets and liabilities as of its year end no later than December 31, 2008. The following table provides a reconciliation of the changes in the benefit obligations of the plans:

	Pension Benefits		Other Benefits	
	2006	2005	2006	2005
	(millions)			
Obligation at October 1 of prior year	$ 1,599	$ 1,581	$ 435	$ 468
Service cost	51	52	6	8
Interest cost	87	87	23	25
Participant contributions	-	-	4	5
Plan amendments [a]	(1)	9	-	-
Duane Arnold acquisition	38	-	6	-
Actuarial (gains) losses – net	(36)	(27)	(12)	(42)
Benefit payments	(117)	(103)	(37)	(29)
Obligation at September 30	$ 1,621	$ 1,599	$ 425	$ 435

[a] Primarily relates to union negotiated credits, Internal Revenue Code (IRC) transfers and various SERP changes.

FPL Group's accumulated benefit obligation, which includes no assumption about future compensation levels, for its pension plans at September 30, 2006 and 2005 was $1,573 million and $1,548 million, respectively.

The following table provides the weighted-average assumptions used to determine benefit obligations for the plans. These rates are used in determining net periodic benefit cost in the following year.

	Pension Benefits		Other Benefits	
	2006	2005	2006	2005
Discount rate	5.85%	5.50%	5.90%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%

An 8% annual rate of increase in the per capita cost of covered medical benefits and a 10% annual rate of increase in the per capita cost of covered prescription drug benefits was assumed for 2007. The rates are assumed to decrease gradually to 5% by 2013 and 2017 for medical and prescription drug benefits, respectively, and remain at that level thereafter. Assumed health care cost trend rates have an effect on the amounts reported for postretirement plans providing health care benefits. An increase or decrease of one percentage point in assumed health care cost trend rates would have a corresponding effect on the other benefits accumulated obligation of approximately $7 million and $6 million, respectively, at September 30, 2006.

Plan Assets – The following table provides a reconciliation of the fair value of assets of the plans. Employer contributions and benefits paid in the table below include only those amounts contributed directly to, or paid directly from, plan assets.

	Pension Benefits		Other Benefits	
	2006	2005	2006	2005
	(millions)			
Fair value of plan assets at October 1 of prior year	$ 3,120	$ 2,907	$ 49	$ 50
Actual return on plan assets	250	331	1	2
Employer contributions [a]	1	6	30	21
Transfers for retiree medical expenses [b]	(24)	(21)	-	-
Duane Arnold acquisition	13	-	-	-
Participant contributions	-	-	5	5
Benefit payments	(117)	(103)	(37)	(29)
Fair value of plan assets at September 30	$ 3,243	$ 3,120	$ 48	$ 49

(a) FPL's portion of contributions related to other benefits was $27 million and $19 million for the years ended December 31, 2006 and 2005, respectively.
(b) Represents amounts that were transferred from the qualified pension plan as reimbursement for eligible retiree medical expenses paid by FPL Group pursuant to the provisions of the IRC.

FPL Group's current investment policy for the pension plan recognizes the benefit of protecting the plan's funded status, thereby avoiding the necessity of future employer contributions. Its broad objectives are to achieve a high rate of total return with a prudent level of risk taking while maintaining sufficient liquidity and diversification to avoid large losses and preserve capital.

FPL Group's pension plan fund has a strategic asset allocation that currently targets a mix of 45% equity investments, 45% fixed income investments and 10% convertible bonds. The fund's investment strategy emphasizes traditional investments, broadly diversified across the global equity and fixed income markets, utilizing a combination of different investment styles and vehicles. The pension fund's equity investments include direct equity holdings and assets classified as equity commingled vehicles. Similarly, its fixed income investments include direct debt security holdings and assets classified as debt security commingled vehicles. These equity and debt security commingled vehicles include common and collective trusts, pooled separate accounts, registered investment companies or other forms of pooled investment arrangements.

With regard to its other benefits plans, FPL Group's policy is to fund claims as incurred during the year through FPL Group contributions, participant contributions and plan assets. The other benefits plans' assets are invested with a focus on assuring the availability of funds to pay benefits while maintaining sufficient diversification to avoid large losses and preserve capital. The other benefits plans' fund has a strategic asset allocation that currently targets a mix of 60% equity investments and 40% fixed income investments. The fund's investment strategy emphasizes traditional investments, diversified across the global equity and fixed income markets. The fund's equity investments are comprised of assets classified as equity commingled vehicles. Similarly, its fixed income investments are comprised of assets classified as debt security commingled vehicles. These equity and debt commingled vehicles include common and collective trusts, pooled separate accounts, registered investment companies or other forms of pooled investment arrangements.

At September 30, the asset allocation for FPL Group's pension and other benefits funds were as follows:

	Pension Fund		Other Benefits Fund	
	2006	2005	2006	2005
Asset Category				
Equity	12%	12%	-%	36%
Equity commingled vehicles	35	39	66	21
Debt securities	26	30	-	1
Debt security commingled vehicles	19	19	34	42
Convertible bonds	8	-	-	-
Total	100%	100%	100 %	100%

Funded Status – The following table reconciles the funded status of the plans to the amounts on the consolidated balance sheets:

	Pension Benefits		Other Benefits	
	2006	2005	2006	2005
	(millions)			
Fair value of plan assets	$ 3,243	$ 3,120	$ 48	$ 49
Benefit obligation	(1,621)	(1,599)	(425)	(435)
Funded status at September 30	1,622	1,521	(377)	(386)
Unrecognized prior service (benefit) cost	-	(14)	-	-
Unrecognized transition obligation	-	-	-	25
Unrecognized (gain) loss	-	(644)	-	43
Other	(26)	(23)	6	10
Prepaid (accrued) benefit cost at FPL Group at December 31	$ 1,596	$ 840	$ (371)	$ (308)
Prepaid (accrued) benefit cost at FPL at December 31	$ 851	$ 798	$ (286)	$ (282)

FPL Group's and FPL's prepaid (accrued) benefit cost shown above are included in the consolidated balance sheets as follows:

	FPL Group				FPL			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	2006	2005	2006	2005	2006	2005	2006	2005
	(millions)							
Pension plan assets – net	$ 1,608	$ 849	$ -	$ -	$ 857	$ 802	$ -	$ -
Accrued benefit cost included in other liabilities	(12)	(14)	(371)	(308)	(6)	(5)	(286)	(282)
Intangible asset included in other assets	-	3	-	-	-	1	-	-
Accumulated other comprehensive income	-	2	-	-	-	-	-	-
Prepaid (accrued) benefit cost at December 31	$ 1,596	$ 840	$ (371)	$ (308)	$ 851	$ 798	$ (286)	$ (282)

FPL Group's unrecognized amounts included in accumulated other comprehensive income (loss) yet to be recognized as components of prepaid (accrued) benefit cost are as follows:

	December 31, 2006	
	Pension Benefits	Other Benefits
	(millions)	
Components of accumulated other comprehensive income:		
Unrecognized prior service benefit (cost) (net of $1 tax expense)	$ 1	$ -
Unrecognized transition obligation (net of $1 tax benefit)	-	(2)
Unrecognized gain (loss) (net of $63 tax expense and $4 tax benefit, respectively)	100	(1)
Total [a]	$ 101	$ (3)

[a] Approximately $4 million of gains will be reclassified into earnings within the next 12 months.

FPL Group's unrecognized amounts included in regulatory assets (liabilities) yet to be recognized as components of net prepaid (accrued) benefit cost are as follows:

	December 31, 2006	
	Regulatory Liabilities (Pension)	Regulatory Assets (SERP and Other)
	(millions)	
Unrecognized prior service (benefit) cost	$ (10)	$ 2
Unrecognized transition obligation	-	17
Unrecognized (gain) loss	(538)	27
Total	$ (548) [a]	$ 46 [b]

[a] Approximately $3 million of prior service benefits and $14 million of gains will be reclassified into earnings within the next 12 months.
[b] Approximately $3 million of transition obligations will be reclassified into earnings within the next 12 months.

Expected Cash Flows – In December 2006, $26 million was transferred from the qualified pension plan as reimbursement for eligible retiree medical expenses paid by FPL Group during the year pursuant to the provisions of the IRC. FPL Group anticipates paying approximately $29 million for eligible retiree medical expenses on behalf of the other benefits plan during 2007 with substantially all amounts being reimbursed through a transfer of assets from the qualified pension plan pursuant to the provisions of the IRC.

The following table provides information about gross benefit payments expected to be paid by the plans for each of the following calendar years:

	Pension Benefits	Other Benefits
	(millions)	
2007	$ 123	$ 37
2008	$ 129	$ 39
2009	$ 137	$ 40
2010	$ 140	$ 40
2011	$ 146	$ 39
2012–2016	$ 759	$ 176

Net Periodic Cost – The following table provides the components of net periodic benefit (income) cost for the plans:

	Pension Benefits			Other Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2006	2005	2004	2006	2005	2004
	(millions)					
Service cost	$ 51	$ 52	$ 52	$ 6	$ 8	$ 8
Interest cost	86	87	84	23	25	27
Expected return on plan assets	(213)	(211)	(207)	(3)	(3)	(4)
Amortization of transition (asset) obligation	-	-	(23)	4	3	3
Amortization of prior service benefit	(5)	(5)	(5)	-	-	-
Amortization of (gains) losses	(16)	(15)	(21)	-	4	5
Other	-	3	-	2	-	-
Net periodic benefit (income) cost at FPL Group	$ (97)	$ (89)	$ (120)	$ 32	$ 37	$ 39
Net periodic benefit (income) cost at FPL	$ (80)	$ (71)	$ (97)	$ 28	$ 32	$ 35

The following table provides the weighted-average assumptions used to determine net periodic benefit (income) cost for the plans:

	Pension Benefits			Other Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2006	2005	2004	2006	2005	2004
Discount rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected long-term rate of return [a]	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%

[a] In developing the expected long-term rate of return on assets assumption for its plans, FPL Group evaluated input from its actuaries as well as information available in the marketplace. FPL Group considered the 10-year and 20-year historical median returns for a portfolio with an equity/bond asset mix similar to its funds. FPL Group also considered its funds' historical compounded returns. No specific adjustments were made to reflect expectations of future returns.

Assumed health care cost trend rates have an effect on the amounts reported for postretirement plans providing health care benefits. An increase or decrease of one percentage point in assumed health care cost trend rates would have affected the total service and interest cost recognized at September 30, 2006 by less than $1 million.

Supplemental Retirement Plan – FPL Group has a SERP which includes a non-qualified supplemental defined pension benefit component that provides benefits to a select group of management and highly compensated employees. The cost of this SERP component is included in the determination of net periodic benefit income for pension benefits in the preceding tables and was not material to FPL Group's financial statements for the years ended December 31, 2006, 2005 and 2004. The projected benefit obligation is included in the pension benefits obligation in the preceding tables and amounted to $12 million and $21 million for FPL Group at December 31, 2006 and 2005, respectively. Further, the accumulated benefit obligation was $6 million and $13 million for FPL Group ($5 million and $6 million for FPL) at December 31, 2006 and 2005, respectively.

FPL Group established a trust to provide assets that may be used for the benefits payable under the non-qualified supplemental defined benefit pension component of the SERP. The trust is irrevocable and, although subject to creditors' claims, assets contributed to the trust can only be used to pay such benefits with certain exceptions. These assets are included in other investments on the consolidated balance sheets and amounted to $5 million for FPL Group ($3 million for FPL) at both December 31, 2006 and 2005.

Employee Contribution Plans – FPL Group offers employee retirement savings plans which allow eligible participants to contribute a percentage of qualified compensation through payroll deductions. FPL Group makes matching contributions to participants' accounts. Defined contribution expense pursuant to these plans was approximately $32 million, $27 million and $27 million for FPL Group ($26 million, $25 million and $23 million for FPL) for years ended December 31, 2006, 2005 and 2004, respectively. See Note 12 – Employee Stock Ownership Plan (ESOP).

4. Derivative Instruments

Derivative instruments, when required to be marked to market under FAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, are recorded on FPL Group's and FPL's consolidated balance sheets as either an asset or liability measured at fair value.

FPL Group's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the consolidated balance sheets as follows:

	FPL Group		FPL	
	December 31,		December 31,	
	2006	2005	2006	2005
	(millions)			
Current derivative assets	$ 376	$ 1,074	$ 4	$ 828
Other assets	78	62	-	-
Current derivative liabilities	(1,144)	(463)	(780)	-
Other liabilities	(107)	(387)	(1)	-
Total mark-to-market derivative instrument assets (liabilities)	$ (797)	$ 286	$ (777)	$ 828

FPL Group and FPL use derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate risk associated with long-term debt. In addition, FPL Group uses derivatives 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 are passed

through the fuel clause or the capacity clause. For FPL Group's non-rate regulated operations, predominantly FPL Energy, essentially all changes in the derivatives' fair value for power purchases and sales and trading activities are recognized on a net basis in operating revenues; fuel purchases and sales are recognized on a net basis in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in FPL Group's consolidated statements of income unless hedge accounting is applied. 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 in offsetting the hedged risk. Additionally, for hedges of commodity price risk, physical delivery for forecasted commodity transactions must be probable. FPL Group believes that where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has not occurred. Transactions for which physical delivery is deemed to have not occurred are presented on a net basis. Generally, 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.

At December 31, 2006, FPL Group had cash flow hedges with expiration dates through December 2011 for energy contract derivative instruments, and interest rate cash flow hedges with expiration dates through November 2019. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of OCI and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. The ineffective portion of net unrealized losses on these hedges flows through earnings in the current period and amounted to $31 million, $33 million and $7 million for the years ended December 31, 2006, 2005 and 2004, respectively. Settlement gains and losses are included within the line items in the statements of income to which they relate.

Unrealized mark-to-market gains (losses) on derivative transactions for both consolidated subsidiaries and equity method investees are as follows:

	Years Ended December 31,		
	2006	2005	2004
		(millions)	
Consolidated subsidiaries	$ 173	$ (191)	$ (23)
Equity method investees	$ (24)	$ 1	$ 13

5. Restructuring and Impairment Charges

FPL Energy – During the fourth quarter of 2006, FPL Energy recorded an impairment charge of approximately $8 million ($4 million after-tax), related to a coal plant in California, the fair value of which was determined based on a discounted cash flow analysis. The impairment charge is related to unfavorable market pricing and accelerated equipment deterioration due to a design flaw in the steam boiler and fluctuations in output requirements.

During 2005, FPL Energy recorded a net gain of approximately $13 million ($8 million after-tax) related to the termination of a gas supply contract at one of its investments in joint ventures. The gain is included in equity in earnings of equity method investees in FPL Group's consolidated statements of income. This agreement was terminated in connection with an amended power purchase agreement that allows the investee to source power from the wholesale market.

Restructuring charges in 2004 reflect contract restructuring to take advantage of changed market conditions. FPL Energy recorded a net gain of approximately $52 million ($31 million after-tax) related to the termination of a gas supply contract and a steam agreement at one of its investments in joint ventures. These agreements were terminated in connection with an amended power purchase agreement that allows the investee to source power from the wholesale market. In addition, FPL Energy recorded an impairment loss of approximately $47 million ($29 million after-tax) to write down its investment in a combined-cycle power plant in Texas to its fair value as a result of agreeing to sell its interest in the project. The sale was completed in the second quarter of 2004. The results of the above transactions are reflected in equity in earnings of equity method investees in FPL Group's consolidated statements of income. Also in 2004, FPL Energy restructured a steam sales agreement on a natural gas-fired facility in Pennsylvania due to a downturn in market conditions where the plant is operating. The restructuring resulted in a loss of approximately $81 million ($48 million after-tax) which includes the write-off of an auxiliary boiler of approximately $33 million and a $48 million contract termination payment which was included in other current liabilities on FPL Group's consolidated balance sheet at December 31, 2004 and was paid in 2005.

Corporate and Other – In light of recent significant changes in the business climate, FPL FiberNet, LLC (FPL FiberNet) performed an impairment analysis in the fourth quarter of 2006 and concluded that an impairment charge related to its metropolitan (metro) market assets, primarily property, plant and equipment and inventory, was necessary. The business climate changes include customer consolidations, migration to a more efficient form of networking technology and lack of future benefits to be achieved through competitive pricing, all of which have a negative impact on the value of FPL FiberNet's metro market assets. While the metro market business is expected to continue to generate positive cash flows, management's expectation of the rate of future growth in cash flow has been reduced as a result of these business climate

changes. Accordingly, FPL FiberNet recorded an impairment charge of $98 million ($60 million after-tax) based on a discounted cash flow analysis.

6. Income Taxes

The components of income taxes are as follows:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2006	2005	2004	2006	2005	2004
	(millions)					
Federal:						
Current	$ 4	$ 26	$ (207)	$ 360	$ (80)	$ (125)
Deferred	376	234	469	12	445	490
ITC	(16)	(19)	(20)	(16)	(19)	(20)
Total federal	364	241	242	356	346	345
State:						
Current	15	(67)	66	53	(24)	-
Deferred	18	108	(36)	15	86	64
Total state	33	41	30	68	62	64
Total income taxes	$ 397	$ 282	$ 272	$ 424	$ 408	$ 409

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,		
	2006	2005	2004	2006	2005	2004
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	1.3	2.3	1.7	3.6	3.5	3.6
Allowance for other funds used during construction	(0.5)	(1.0)	(1.1)	(0.7)	(1.0)	(1.1)
Amortization of ITC	(0.9)	(1.6)	(1.7)	(1.3)	(1.7)	(1.7)
PTCs – FPL Energy	(9.9)	(10.5)	(9.1)	-	-	-
Manufacturers' deduction	(0.6)	-	-	(1.0)	-	-
Amortization of deferred regulatory credit – income taxes	(0.3)	(0.6)	(0.6)	(0.4)	(0.6)	(0.6)
Adjustments of prior years' tax matters	-	-	(0.9)	-	-	(0.2)
Other – net	(0.4)	0.3	-	(0.6)	0.1	0.3
Effective income tax rate	23.7%	23.9%	23.3%	34.6%	35.3%	35.3%

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,	
	2006	2005	2006	2005
	(millions)			
Deferred tax liabilities:				
Property-related	$ 4,663	$ 4,338	$ 3,293	$ 3,176
Investment-related	164	177	-	-
Pension	617	324	330	310
Deferred fuel costs	56	406	56	406
Storm reserve deficiency	311	417	311	417
Other	413	347	138	156
Total deferred tax liabilities	6,224	6,009	4,128	4,465
Deferred tax assets and valuation allowance:				
Decommissioning reserves	277	268	277	268
Postretirement benefits	383	130	125	120
Net operating loss carryforwards	80	679	-	381
Tax credit carryforwards	509	404	-	-
ARO and asset removal cost	815	803	725	725
Other	764	931	429	428
Valuation allowance	(36)	(35)	-	-
Net deferred tax assets	2,792	3,180	1,556	1,922
Net accumulated deferred income taxes	$ 3,432	$ 2,829	$ 2,572	$ 2,543

Deferred tax liabilities associated with property-related and investment-related assets reflect additional first year depreciation as allowed by tax legislation. During 2006, 2005 and 2004, FPL Group recognized net tax benefits of approximately $36 million, $25 million and $30 million, respectively, primarily related to certain state tax benefits resulting from the growth of FPL Energy throughout the United States and, in 2004, from the resolution of various tax issues. Valuation allowances for 2006 and 2005 relate to the deferral of PTCs and operating loss carryforwards.

Deferred tax assets and liabilities are included in the consolidated balance sheets as follows:

	FPL Group		FPL	
	December 31,		December 31,	
	2006	2005	2006	2005
	(millions)			
Other current assets	$ 1	$ 223	$ -	$ 104
Other current liabilities	1	-	11	-
Accumulated deferred income taxes	3,432	3,052	2,561	2,647
Net accumulated deferred income taxes	$ 3,432	$ 2,829	$ 2,572	$ 2,543

The components of FPL Group's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2006 are as follows:

	Amount	Expiration Dates
	(millions)	
Net operating loss carryforwards – state	$ 80	2007–2026
Tax credit carryforwards:		
Federal	$ 481	2022–2026
State	28	2009–2014
Total tax credit carryforwards	$ 509	

In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109." The interpretation prescribes a more-likely-than-not recognition threshold and establishes measurement requirements for financial statement reporting of an entity's income tax position. The interpretation is effective for fiscal years beginning after December 15, 2006. FPL Group and FPL are currently evaluating the impact of FIN 48.

7. Comprehensive Income

The following table provides the components of comprehensive income and accumulated other comprehensive income (loss):

	Net Income	Accumulated Other Comprehensive Income (Loss): Net Unrealized Gains (Losses) On Cash Flow Hedges	Pension and Other Benefits	Other	Total	Comprehensive Income
			(millions)			
Balances, December 31, 2003		$ (10)	$ -	$ 14	$ 4	
Net income of FPL Group	$ 896					$ 896
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized losses (net of $40 tax benefit)		(61)	-	-	(61)	(61)
Net unrealized gains (losses) on interest rate cash flow hedges:						
Effective portion of net unrealized losses (net of $4 tax benefit)		(6)	-	-	(6)	(6)
Reclassification from OCI to net income (net of $6 tax expense)		10	-	-	10	10
Net unrealized gains on available for sale securities (net of $4 tax expense)		-	-	7	7	7
Balances, December 31, 2004		(67)	-	21	(46)	$ 846
Net income of FPL Group	$ 901					$ 901
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized losses (net of $143 tax benefit)		(209)	-	-	(209)	(209)
Reclassification from OCI to net income (net of $37 tax expense)		55	-	-	55	55
Net unrealized gains (losses) on interest rate cash flow hedges:						
Effective portion of net unrealized gains (net of $3 tax expense)		4	-	-	4	4
Reclassification from OCI to net income (net of $1 tax expense)		2	-	-	2	2
Net unrealized losses on available for sale securities (net of $0.4 tax benefit)		-	-	(1)	(1)	(1)
SERP liability adjustment (net of $2 tax expense)		-	-	2	2	2
Balances, December 31, 2005		(215)	-	22	(193)	$ 754
Net income of FPL Group	$ 1,281					$ 1,281
Net unrealized gains (losses) on commodity cash flow hedges:						
Effective portion of net unrealized gain (net of $106 tax expense)		155	-	-	155	155
Reclassification from OCI to net income (net of $23 tax expense)		34	-	-	34	34
Net unrealized gains (losses) on interest rate cash flow hedges:						
Reclassification from OCI to net income (net of $0.6 tax expense)		1	-	-	1	1
Net unrealized gains on available for sale securities (net of $12 tax expense)		-	-	19	19	19
SERP liability adjustment (net of $1 tax expense)		-	-	1	1	1
Defined benefit pension and other benefit plans (net of $59 tax expense)		-	98	-	98	-
Balances, December 31, 2006		$ (25)[a]	$ 98[b]	$ 42	$ 115	$ 1,491

(a) Approximately $19 million of losses included in FPL Group's accumulated other comprehensive income at December 31, 2006 will be reclassified into earnings within the next 12 months as either the hedged fuel is consumed, electricity is sold or interest payments are made. Such amount assumes no change in fuel prices, power prices or interest rates.

(b) Approximately $4 million of gains included in FPL Group's accumulated other comprehensive income at December 31, 2006 will be reclassified into earnings within the next 12 months.

8. Jointly-Owned Electric Plants

Certain 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. FPL and FPL Energy are responsible for their share of the operating costs, as well as providing their own financing. 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 Group's and FPL's proportionate ownership interest in jointly-owned facilities is as follows:

	December 31, 2006			
	Ownership Interest	Gross Investment	Accumulated Depreciation	Construction Work in Progress
		(millions)		
FPL:				
St. Lucie Unit No. 2	85%	$ 1,196	$ 766	$ 141
St. Johns River Power Park units and coal terminal	20%	$ 330	$ 202	$ 5
Scherer Unit No. 4	76%	$ 591	$ 373	$ -
Transmission substation assets located in Seabrook, New Hampshire	88.23%	$ 30	$ 11	$ -
FPL Energy:				
Duane Arnold [(a)]	70%	$ 344	$ 17	$ 16
Seabrook	88.23%	$ 948	$ 185	$ 23
Wyman Station Unit No. 4	65.10%	$ 78	$ 28	$ 1

(a) In January 2006, FPL Energy purchased a 70% interest in Duane Arnold, a nuclear power plant, for a net purchase price of approximately $350 million. The other significant assets acquired and liabilities assumed include nuclear fuel and inventory, as well as certain funds and obligations related to nuclear decommissioning of the plant.

9. Variable Interest Entities

FIN 46(R) requires the consolidation of entities which are determined to be VIEs when the reporting company determines that it will absorb a majority of the VIE's expected losses, receive a majority of the VIE's residual returns, or both. The company that is required to consolidate the VIE is called the primary beneficiary. Conversely, the reporting company would not consolidate VIEs in which it has a majority ownership interest when the company is not considered to be the primary beneficiary. Variable interests are contractual, ownership or other monetary interests in an entity that change as the fair value of the entity's net assets, excluding variable interests, change. An entity is considered to be a VIE when its capital is insufficient to permit it to finance its activities without additional subordinated financial support or its equity investors, as a group, lack the characteristics of having a controlling financial interest. FPL Group has two VIEs which it consolidates.

In April 2006, the FASB issued FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)," which states that the variability to be considered when applying FIN 46(R) to determine whether an entity is a variable interest entity should be based on an analysis of the design of the entity which entails analyzing the nature of the risks in the entity and determining the purpose for which the entity was created and determining the variability the entity is designed to create and pass along to its interest holders. The role of a contract or arrangement in the design of the entity, regardless of its legal form or accounting classification, shall dictate whether that interest should be treated as creating or absorbing variability for the entity. The effective date of FSP FIN 46(R)-6 was July 1, 2006 and was applied prospectively. The adoption of FSP FIN 46(R)-6 did not have a significant impact on the financial statements of FPL Group or FPL.

FPL – FPL consolidates a VIE from which it leases nuclear fuel for its nuclear units. For ratemaking purposes, these leases are treated as operating leases. For financial reporting, the cost of nuclear fuel is capitalized and amortized to fuel expense on a unit of production method except for the interest component, which is recorded as interest expense. These charges, as well as a charge for spent nuclear fuel, are recovered through the fuel clause. FPL makes quarterly payments to the lessor for the lease commitments. The lessor has issued commercial paper to fund the procurement of nuclear fuel and has established two revolving credit facilities to support its commercial paper program. FPL has provided an unconditional guarantee of the payment obligations of the lessor under the credit facilities. Under certain lease termination circumstances, the associated debt ($221 million at December 31, 2006), which was recorded in commercial paper on FPL Group's and FPL's consolidated balance sheets, would become due. The consolidated assets of the VIE consist primarily of nuclear fuel, which had a net carrying value of $204 million and $180 million at December 31, 2006 and 2005, respectively.

FPL identified two potential VIEs, both of which are considered qualifying facilities (QFs) as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires FPL to purchase the electricity output of the projects. FPL entered into a power purchase agreement (PPA) with one of the projects in 1990 to purchase substantially all of the project's electrical output over a substantial portion of its estimated useful life. For each megawatt-hour (mwh) provided, FPL pays a per mwh price (energy payment) based upon FPL's avoided cost, which was determined at the time the PPA was executed, and was based on the cost of avoiding the construction and operation of a coal unit. The energy component is primarily based on the cost of coal at an FPL jointly-owned coal-fired facility. The avoided cost is the incremental cost to the utility of the electric energy or capacity, or both, which is avoided by neither generating the electricity nor purchasing it from

another source. The project has a capacity of 250 mw. After making exhaustive efforts, FPL was unable to obtain the information from the project necessary to determine whether the project is a VIE or whether FPL is the primary beneficiary of the project. The PPA with the project contains no provision which legally obligates the project to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This does not expose FPL to losses since the energy payments paid by FPL to the project are passed on to FPL's customers through the fuel clause as approved by the FPSC. Notwithstanding the fact that FPL's energy payments are recovered through the fuel clause, if the project was determined to be a VIE, the absorption of some of the project's fuel price variability might cause FPL to be considered the primary beneficiary. During the years ended December 31, 2006, 2005 and 2004, FPL purchased 1,672,106 mwh, 1,813,114 mwh and 1,802,467 mwh, respectively, from the project at a total cost of approximately $147 million, $144 million and $141 million, respectively. FPL will continue to make exhaustive efforts to obtain the necessary information from the project in order to determine if it is a VIE and, if so, whether FPL is the primary beneficiary. FPL also entered into a PPA with a 330 mw coal-fired cogeneration facility (the Facility) in 1995 to purchase substantially all of the Facility's electrical output through 2025. In November 2004, FPL and the Facility reached an agreement to change the index related to the energy payment, triggering a new analysis under FIN 46(R). FPL determined that (a) the Facility is a VIE and (b) the PPA represents a variable interest in the Facility. However, FPL determined that it is not the Facility's primary beneficiary. During the first quarter of 2005, a change in ownership of the Facility occurred, triggering the need to reevaluate whether the Facility is still a VIE and, if so, whether FPL is the Facility's primary beneficiary. After making exhaustive efforts, FPL was unable to obtain the information necessary to perform this reevaluation. The PPA with the Facility contains no provisions which legally obligate the Facility to release this information to FPL. During the years ended December 31, 2006, 2005 and 2004, FPL purchased 2,090,088 mwh, 2,332,000 mwh and 2,265,371 mwh, respectively, from the Facility at a total cost of approximately $200 million, $191 million and $186 million, respectively. Additionally, the PPA does not expose FPL to losses since the energy payments made by FPL to the Facility are passed on to FPL's customers through the fuel clause as approved by the FPSC. FPL will continue to make exhaustive efforts to obtain the necessary information from the Facility in order to determine if it is still a VIE and, if so, whether FPL is the Facility's primary beneficiary.

FPL Energy – FPL Energy consolidates a subsidiary that leases a 550 mw combined-cycle power generation plant through the end of 2007 from a special purpose entity (SPE). The FPL Energy subsidiary's quarterly lease payments are intended to cover the lessor's debt service, which includes a stated yield to equity holders and certain other costs. 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, the FPL Energy subsidiary 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 must be paid, and the plant will be sold. Any sale 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 certain obligations of the FPL Energy subsidiary under the lease agreement. The assets of the lessor primarily consist of the power generation plant, which had a net carrying value of $317 million and $325 million at December 31, 2006 and 2005, respectively, and is reported in electric utility plant in service and other property in FPL Group's consolidated balance sheets. The liabilities of the lessor consist primarily of debt (which is secured by the power generation plant), which had a carrying value of $327 million and $333 million at December 31, 2006 and 2005, respectively, and is reported in current maturities of long-term debt and in long-term debt in FPL Group's consolidated balance sheets. The equity interests of the lessor not owned by the FPL Energy subsidiary are reported as minority interest. Pursuant to the terms of the lease, FPL Energy expects to purchase the 550 mw combined-cycle power generation plant from the SPE by repaying the existing debt when the lease expires on December 31, 2007.

FPL Group – In March 2004, a trust created by FPL Group sold 12 million 5 7/8% preferred trust securities to the public and common trust securities to FPL Group. The trust is considered a VIE because FPL Group's investment through the common trust securities is not considered equity at risk in accordance with FIN 46(R). The proceeds from the sale of the preferred and common trust securities were used to buy 5 7/8% junior subordinated debentures maturing in March 2044, from FPL Group Capital. The trust exists only to issue its preferred trust securities and common trust securities and to hold the junior subordinated debentures of FPL Group Capital as trust assets. Since FPL Group, as the common security holder, is not considered to have equity at risk and will therefore not absorb any variability of the trust, FPL Group is not the primary beneficiary and does not consolidate the trust in accordance with FIN 46(R). FPL Group includes the junior subordinated debentures issued by FPL Group Capital on its consolidated balance sheets. See Note 11 – FPL Group.

10. Financial Instruments

The carrying amounts of cash equivalents and commercial paper approximate fair values. At December 31, 2006 and 2005, other investments of FPL Group, not included in the table below, included financial instruments of approximately $50 million and $43 million, respectively, which primarily consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value. See Note 11.

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, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
FPL Group:				
Long-term debt, including current maturities	$ 11,236	$ 11,314[a]	$ 9,443	$ 9,540[a]
Nuclear decommissioning reserve funds	$ 2,824	$ 2,824[b]	$ 2,401	$ 2,401[b]
Other investments	$ 93	$ 93[b]	$ 80	$ 80[b]
Interest rate swaps – net unrealized gain (loss)	$ 6	$ 6[c]	$ (9)	$ (9)[c]
FPL:				
Long-term debt, including current maturities	$ 4,214	$ 4,208[a]	$ 3,406	$ 3,416[a]
Nuclear decommissioning reserve funds	$ 2,264	$ 2,264[b]	$ 2,083	$ 2,083[b]

(a) Based on market prices provided by external sources.
(b) Based on quoted market prices for these or similar issues.
(c) Based on market prices modeled internally.

Nuclear Decommissioning Reserve Funds and Other Investments – Securities held in the nuclear decommissioning reserve funds and other investments are carried at estimated fair value based on quoted market prices. FPL Group's nuclear decommissioning funds consist of approximately 49% equity securities and 51% municipal, government, corporate and mortgage- and other asset-backed debt securities (45% and 55% for FPL, respectively) with a weighted-average maturity of approximately 8 years at December 31, 2006 for both FPL Group and FPL. All of FPL Group's other investments consist of debt securities. The cost of securities sold is determined on the specific identification method.

The following tables provide the nuclear decommissioning and storm reserve funds and other investments approximate gains and losses and proceeds from the sale of securities:

	FPL Group			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2006	2005	2004	2006	2005	2004
	(millions)					
Realized gains	$ 51	$ 18	$ 11	$ 39	$ 14	$ 9
Realized losses	$ 38	$ 17	$ 13	$ 35	$ 16	$ 12
Proceeds from sale of securities	$ 3,231	$ 2,937	$ 2,341	$ 2,673	$ 2,767	$ 2,290

The following tables provide the unrealized gains and losses for the nuclear decommissioning reserve funds and other investments.

	FPL Group		FPL	
	December 31,		December 31,	
	2006	2005	2006	2005
	(millions)			
Unrealized gains				
Equity securities	$ 522	$ 382	$ 452	$ 342
Debt securities	$ 31	$ 27	$ 30	$ 26
Unrealized losses [a]				
Equity securities	$ -	$ 1	$ -	$ -
Debt securities	$ -	$ 4	$ -	$ 3

(a) At December 31, 2006, FPL Group and FPL considered all unrealized losses to be other than temporary. Such amounts were not material and, for subsidiaries other than FPL, amounts were recorded in other – net in the consolidated statements of income. For accounting treatment description, see Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

Regulations issued by the FERC and the 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 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 nuclear plants are contained in the NRC operating licenses for those facilities. NRC regulations applicable to NRC licensees not in cost-of-service environments require similar investment restrictions. The NRC's regulations permit licensees with operating licenses containing conditions restricting the use of decommissioning trust funds to rely on those conditions in lieu of compliance with NRC regulations. FPL Energy's nuclear plants contain such restrictions in their NRC operating licenses. With respect to the decommissioning trust fund for FPL Energy's

Seabrook nuclear plant, decommissioning trust fund contributions and withdrawals are also regulated by the NDFC pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines and rules of the applicable regulatory authorities, FPL Group and FPL. The funds' 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.

Interest Rate Swaps – FPL Group and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to adjust and mitigate interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At December 31, 2006, the estimated fair value for FPL Group interest rate swaps was as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
Fair value hedges – FPL Group Capital:					
$ 300	November 2004	February 2007	variable[a]	4.086%	$ (2)
$ 275	December 2004	February 2007	variable[b]	4.086%	(2)
Total fair value hedges					(4)
Cash flow hedges – FPL Energy:					
$ 87	August 2002	December 2007	4.410%	variable[c]	1
$ 172	August 2003	November 2007	3.557%	variable[c]	2
$ 5	February 2005	June 2008	4.255%	variable[c]	1
$ 78	December 2003	December 2017	4.245%	variable[c]	3
$ 26	April 2004	December 2017	3.845%	variable[c]	1
$ 234	December 2005	November 2019	4.905%	variable[c]	2
Total cash flow hedges					10
Total interest rate hedges					$ 6

(a) Three-month LIBOR plus 0.50577%
(b) Three-month LIBOR plus 0.4025%
(c) Three-month LIBOR

In January 2007, an indirect wholly-owned subsidiary of FPL Energy entered into an interest rate swap agreement to pay a fixed rate of 5.39% on approximately $547 million of its variable rate limited recourse debt in order to limit cash flow exposure.

11. Investments in Partnerships and Joint Ventures

FPL Energy – 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, 2006 and 2005, FPL Energy's investment in partnerships and joint ventures totaled approximately $361 million and $320 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 5.5% to 50%. At December 31, 2006, the principal operating entities included in FPL Energy's investments in partnerships and joint ventures were Northeast Energy, LP, Cherokee County Cogeneration Partners, LP, TPC Windfarms LLC, Mojave 16/17/18 LLC and Luz Solar Partners LTD., and in 2005 included Green Ridge Power, LLC and Windpower Partners 1993, L.P. FPL Energy acquired an additional ownership interest in Green Ridge Power, LLC and Windpower Partners 1993, L.P. in 2006 and now accounts for their operations in the consolidated financial statements.

Summarized combined information for these principal entities is as follows:

	2006	2005
	(millions)	
Net income	$ 136	$ 180
Total assets	$ 1,177	$ 1,367
Total liabilities	$ 638	$ 729
Partners'/members' equity	$ 539	$ 638
FPL Energy's share of underlying equity in the principal entities	$ 269	$ 318
Difference between investment carrying amount and underlying equity in net assets [a]	(23)	(32)
FPL Energy's investment carrying amount for the principal entities	$ 246	$ 286

(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 expenses and business management services. FPL Group's operating revenues for the years ended December 31, 2006, 2005 and 2004 include approximately $20 million, $19 million and $16 million, respectively, related to such services. The net receivables at December 31, 2006 and 2005, for these services, as well as for affiliate energy commodity transactions, payroll and other payments made on behalf of these investees, were approximately $21 million and $65 million, respectively, and are included in other current assets on FPL Group's consolidated balance sheets.

Notes receivable (long- and short-term) include approximately $24 million and $21 million at December 31, 2006 and 2005, respectively, due from partnerships and joint ventures in which FPL Energy has an ownership interest. The notes receivable balance at December 31, 2006 and 2005 mature in 2008 through 2011 and the majority bear interest at a fixed rate of 8.5%. Interest income related to notes receivable totaled approximately $2 million, $7 million and $7 million for the years ended December 31, 2006, 2005 and 2004, respectively, and is included in interest income in FPL Group's consolidated statements of income. Interest receivable associated with these notes as of December 31, 2006 and 2005 was not material.

In addition, FPL Energy owns an equity interest in Karaha Bodas Company, LLC (KBC) which totals approximately $90 million at December 31, 2006 and is included in the $361 million of investment in partnerships and joint ventures discussed above. During 2006, KBC received approximately $290 million as a result of a court judgment against Indonesia's state-owned oil/energy company to recover KBC's investment in a project suspended indefinitely by the Indonesian government in 1998 and for lost profits. All appeals with respect to the judgment have been exhausted. FPL Energy's portion of the final judgment, or approximately $97 million pretax, is included in equity in earnings of equity method investees in FPL Group's consolidated statements of income for 2006. During 2006, KBC distributed approximately $7 million of the judgment funds to FPL Energy, and in mid-February 2007, KBC distributed the remaining amount of approximately $90 million to FPL Energy. See Note 16 - Litigation for a discussion of KBC litigation.

FPL Group – In March 2004, a trust created by FPL Group sold $300 million of preferred trust securities to the public and $9 million of common trust securities to FPL Group. The trust is an unconsolidated 100%-owned finance subsidiary. The trust used the proceeds to purchase $309 million of 5.7/8% junior subordinated debentures maturing in March 2044 from FPL Group Capital. FPL Group has fully and unconditionally guaranteed the preferred trust securities and the junior subordinated debentures.

12. Common Stock

Earnings Per Share – The reconciliation of FPL Group's basic and diluted earnings per share of common stock is shown below:

	Years Ended December 31,		
	2006	2005	2004
	(millions, except per share amounts)		
Numerator – net income	$ 1,281	$ 901	$ 896
Denominator:			
Weighted-average number of common shares outstanding – basic	393.5	380.1	358.6
Restricted stock, performance share awards, options, warrants and equity units [a]	3.0	5.6	3.1
Weighted-average number of common shares outstanding – assuming dilution	396.5	385.7	361.7
Earnings per share of common stock:			
Basic	$ 3.25	$ 2.37	$ 2.50
Assuming dilution	$ 3.23	$ 2.34	$ 2.48

[a] Performance share awards are included in diluted weighted-average number of shares outstanding based upon what would be issued if the end of the reporting period were the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units (known as Corporate Units, see Note 14) are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

In 2006, 2005 and 2004, there were no securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been antidilutive.

In February 2005, FPL Group's board of directors approved a two-for-one stock split of FPL Group's common stock effective March 15, 2005 (2005 stock split). FPL Group's authorized common stock increased from 400 million to 800 million shares. All share or per share information included in FPL Group's consolidated financial statements reflect the effect of the 2005 stock split.

Common Stock Dividend Restrictions – FPL Group's charter does not limit the dividends that may be paid on its common stock. FPL's mortgage securing FPL's first mortgage bonds contains 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.

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 a subsidiary of 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 $32 million, $27 million and $27 million in 2006, 2005 and 2004, 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 common shareholders' equity at December 31, 2006 was approximately $125 million, representing unallocated shares at the original issue price. The fair value of the ESOP-related unearned compensation account using the closing price of FPL Group common stock at December 31, 2006 was approximately $470 million.

Stock-Based Compensation – Effective January 1, 2006, FPL Group adopted FAS 123(R) using the modified prospective application transition method. Accordingly, the consolidated balance sheet as of December 31, 2005, the consolidated statements of income for the years ended December 31, 2005 and 2004 and the consolidated statements of cash flows for the years ended December 31, 2005 and 2004 do not reflect any restated amounts. Because FPL Group adopted the fair value recognition provisions of FAS 123 in 2004, the adoption of FAS 123(R) did not have a significant effect on FPL Group's financial statements.

Net income for the years ended December 31, 2006, 2005 and 2004 includes approximately $34 million, $30 million and $27 million, respectively, of compensation costs and $13 million, $12 million and $10 million, respectively, of income tax benefits related to stock-based compensation arrangements. As of December 31, 2006, there were approximately $41 million of unrecognized compensation costs related to nonvested/nonexercisable share-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.7 years. For awards granted subsequent to December 31, 2005, compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. For awards granted prior to that date, compensation costs for awards with graded vesting are recognized using the graded vesting attribution method.

At December 31, 2006, approximately 26.6 million shares of common stock were authorized and 17.8 million were available for awards (including outstanding awards) to officers, employees and non-employee directors of FPL Group and its subsidiaries under FPL Group's amended and restated long-term incentive plan (LTIP) and amended and restated non-employee directors stock plan. FPL Group satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. FPL Group satisfies stock option exercises by issuing new shares of its common stock.

Restricted Stock and Performance Share Awards – Restricted stock typically vests within three years after the date of grant and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of FPL Group common stock as of the date of grant. Performance share awards are typically payable at the end of a three-year performance period if the specified performance criteria are met. The fair value of performance share awards is estimated based upon the closing market price of FPL Group common stock as of the date of grant less the present value of expected dividends, multiplied by an estimated performance multiple determined on the basis of historical experience, which is subsequently trued up at vesting based on actual performance.

The activity in restricted stock and performance share awards for the year ended December 31, 2006 was as follows:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Restricted Stock:		
Nonvested balance, January 1, 2006	1,022,545	$ 35.54
Granted	401,389	$ 41.98
Vested	(365,232)	$ 33.18
Forfeited	(26,966)	$ 41.47
Nonvested balance, December 31, 2006	1,031,736	$ 38.71
Performance Share Awards:		
Nonvested balance, January 1, 2006	1,145,502	$ 29.88
Granted	581,978	$ 34.08
Vested	(574,947)	$ 26.73
Forfeited	(19,150)	$ 34.04
Nonvested balance, December 31, 2006	1,133,383	$ 33.55

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2005 and 2004 was $39.93 and $32.58, respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2005 and 2004 was $34.75 and $29.18, respectively.

The total fair value of restricted stock and performance share awards vested was $40 million, $23 million and $13 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Options – Options typically vest within three years after the date of grant and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of FPL Group common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	2006	2005	2004
Expected volatility [a]	19.56%	20.00%	20.11%
Expected dividends	3.40%	3.68%	3.93%
Expected term (years) [b]	6	7	7
Risk-free rate	4.60%	4.08%	3.78%

(a) Based on historical experience.
(b) In 2006, FPL Group elected to use the "simplified" method to calculate the expected term. In 2005, the expected term was derived from historical experience.

Option activity for the year ended December 31, 2006 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balances, January 1, 2006	7,228,617	$ 29.42		
Granted	334,500	$ 41.76		
Exercised	(1,178,321)	$ 28.69		
Forfeited	(10,995)	$ 28.38		
Expired	(29,000)	$ 27.87		
Balance, December 31, 2006	6,344,801	$ 30.22	5.8	$ 154
Exercisable, December 31, 2006	5,572,969	$ 29.15	5.4	$ 141

The weighted-average grant date fair value of options granted was $7.46, $6.30 and $5.10 per share for the years ended December 31, 2006, 2005 and 2004, respectively.

The total intrinsic value of stock options exercised was approximately $21 million, $27 million and $6 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Cash received from option exercises was approximately $34 million, $60 million and $29 million for the years ended December 31, 2006, 2005 and 2004, respectively. The tax benefits realized from options exercised were approximately $6 million, $10 million and $2 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Other – In June 2005, a wholly-owned subsidiary of FPL Group completed the acquisition of Gexa Corp., a retail electric provider in Texas. Each share of Gexa Corp.'s outstanding common stock was converted into 0.1682 of a share of FPL Group common stock. Assuming the exercise of Gexa Corp.'s options and warrants net of cash to be received upon exercise, the aggregate value of the consideration for the acquisition of Gexa Corp. was approximately $73 million, payable in shares of FPL Group common stock. At December 31, 2006, there were Gexa Corp. options and warrants outstanding for a total of 123,134 shares of FPL Group common stock.

As a result of certain employees voluntarily electing to convert a cash bonus, net of taxes, into fully-vested shares of FPL Group common stock, approximately 36 thousand common shares were issued under the LTIP during 2004.

13. Preferred Stock

FPL Group's charter authorizes the issuance of 100 million shares of serial preferred stock, $0.01 par value. None of FPL Group's preferred shares were outstanding as of December 31, 2006 or 2005. FPL's charter authorizes the issuance of 10,414,100 shares of preferred stock, $100 par value; 5 million shares of subordinated preferred stock, no par value and 5 million shares of cumulative preferred stock, no par value. None of FPL's preferred shares were outstanding as of December 31, 2006 or 2005. In January 2004, FPL sold 200,000 shares of 4 1/2% Series V preferred stock with an aggregate par value of $20 million to FPL Group. In January 2005, FPL redeemed all 250,000 shares of its $100 Par Value 4 1/2% (Series A and Series V) preferred stock outstanding at December 31, 2004.

14. Debt

Long-term debt consists of the following:

	December 31,	
	2006	2005
	(millions)	
FPL:		
First mortgage bonds:		
Maturing 2008 through 2013 – 4.85% to 6.00%	$ 825	$ 825
Maturing 2033 through 2037 – 4.95% to 6.20%	2,540	1,840
Medium-term note – maturing 2006 – 2.34%	-	135
Pollution control, solid waste disposal and industrial development revenue bonds – maturing 2020 through 2029 – variable, 4.0% and 3.5% weighted-average annual interest rates, respectively	633	633
Term loan – maturing 2008 – variable, 5.6% weighted-average annual interest rate	250	-
Unamortized discount	(34)	(27)
Total long-term debt of FPL	4,214	3,406
Less current maturities of long-term debt	-	135
Long-term debt of FPL, excluding current maturities	4,214	3,271
FPL Group Capital:		
Debentures – maturing 2006 through 2011 – 3 1/4% to 7 5/8%	2,300	2,800
Debentures, related to FPL Group's equity units – maturing 2008 – 5.551% [a]	506	506
Junior Subordinated Debentures – maturing 2044 through 2066 – 5 7/8% to 6.60%	1,009	309
Term loan – maturing 2008 – variable, 5.6% weighted-average annual interest rate	150	-
Fair value swaps (see Note 10)	(2)	(15)
Unamortized discount	(3)	(3)
Total long-term debt of FPL Group Capital	3,960	3,597
Less current maturities of long-term debt	1,075	1,100
Less fair value swap on current maturities of long-term debt (see Note 10)	(2)	(7)
Long-term debt of FPL Group Capital, excluding current maturities	2,887	2,504
FPL Energy:		
Senior secured limited recourse bonds – maturing 2017 through 2024 – 5.608% to 7.52%	1,091	1,189
Senior secured limited recourse notes – maturing 2020 through 2031 – 6.665% to 7.11%	310	107
Other long-term debt – maturing 2007 through 2022 – primarily limited recourse and variable, 6.8% and 5.8% weighted-average annual interest rates, respectively	1,661	1,144
Total long-term debt of FPL Energy	3,062	2,440
Less current maturities of long-term debt	572	176
Long-term debt of FPL Energy, excluding current maturities	2,490	2,264
Total long-term debt	$ 9,591	$ 8,039

[a] During 2005, these debentures were remarketed. See discussion below.

Minimum annual maturities of long-term debt for FPL Group are approximately $1,647 million, $1,615 million, $1,041 million, $190 million and $787 million for 2007, 2008, 2009, 2010 and 2011, respectively. The amounts for FPL are $450 million and $225 million for 2008 and 2009, respectively.

At December 31, 2006, commercial paper borrowings had a weighted-average interest rate of 5.32% for FPL Group (5.33% for FPL). Available lines of credit aggregated approximately $4.8 billion ($2.5 billion for FPL Group Capital and $2.3 billion for FPL) at December 31, 2006, all of which were based on firm commitments. These facilities provide for the issuance of letters of credit of up to $4.5 billion. The issuance of letters of credit is subject to the aggregate commitment under the applicable facility. While no direct borrowings were outstanding at December 31, 2006, letters of credit totaling $189 million and $156 million were outstanding under the FPL Group Capital and FPL credit facilities, respectively.

FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of those under FPL Group Capital's debt, including all of its debentures and commercial paper issuances, as well as most of its guarantees. FPL Group Capital has guaranteed certain debt and other obligations of FPL Energy and its subsidiaries.

In June 2002, FPL Group sold 10.12 million 8% Corporate Units. In connection with the 8% Corporate Units financing, FPL Group Capital issued $506 million principal amount of 5% debentures due February 16, 2008, which were absolutely, irrevocably and unconditionally guaranteed by FPL Group. During 2005, FPL Group Capital remarketed these debentures and the annual interest rate was reset to 5.551%. Each 8% Corporate Unit initially consisted of a $50 FPL Group Capital debenture and a purchase contract pursuant to which the holder was required to purchase $50 of FPL Group common shares on or before February 16, 2006, and FPL Group made payments of 3% of the unit's $50 stated value until the shares were purchased. In February 2006, FPL Group paid approximately $48 million net to cancel approximately 4.2 million of its 8% Corporate Units. Also in February 2006, FPL Group issued approximately 8.7 million shares of common stock in return for approximately $296 million in proceeds upon settlement of the stock purchase contracts issued in connection with the remainder of the 8% Corporate Units.

Prior to the issuance of FPL Group's common stock, the purchase contracts were 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 was 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.

15. Asset Retirement Obligations

FPL Group and FPL each account for asset retirement obligations and conditional asset retirement obligations under FAS 143 and FIN 47. FAS 143 and FIN 47 require that a liability for the fair value of an ARO be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over its useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense, which is included in depreciation and amortization expense in the consolidated statements of income. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost and ARO.

FPL Group and FPL have identified but not recognized ARO liabilities related to electric transmission and distribution and telecommunications assets resulting from easements over property not owned by FPL Group or FPL. In addition, FPL Group has identified but not recognized ARO liabilities related to the majority of FPL Energy's hydro facilities. These easements are generally perpetual and, along with the hydro facilities, only require retirement action upon abandonment or cessation of use of the property or facility for its specified purpose. The ARO liability is not estimable for such easements and hydro facilities as FPL Group and FPL intend to utilize these properties and facilities indefinitely. In the event FPL Group and FPL decide to abandon or cease the use of a particular easement and/or hydro facility, an ARO liability would be recorded at that time.

FPL – FPL's ARO relates primarily to the nuclear decommissioning obligation of its nuclear units. FPL's AROs other than nuclear decommissioning are not significant. The provisions of FAS 143 and FIN 47 result 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 FIN 47 and the amount recoverable through rates are deferred in accordance with FAS 71. See Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

At December 31, 2006 and 2005, FPL's ARO was approximately $1,572 million and $1,474 million, respectively. During 2006, FPL recognized accretion expense of approximately $81 million and increased the ARO approximately $17 million primarily as a result of increasing the estimates for asbestos abatement at several fossil plants. During 2005, FPL recognized accretion expense of approximately $112 million, reduced the ARO by approximately $665 million, primarily as a result of changing the

useful lives of the nuclear units to reflect their extended license terms, and increased the ARO approximately $12 million as a result of implementing FIN 47. Restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds of FPL and approximated $2,264 million and $2,083 million at December 31, 2006 and 2005, respectively. See Note 10.

FPL Energy – FPL Energy's ARO relates primarily to the nuclear decommissioning obligation of Seabrook and Duane Arnold, and also includes the current estimated fair value of obligations for the dismantlement of its wind facilities located on leased property, the dismantlement of certain hydro facilities expected to be eventually abandoned, and the removal of asbestos and lead paint from certain of its generating facilities. See Note 1 – Decommissioning of Nuclear Plants, Dismantlements of Plants and Other Accrued Asset Removal Costs.

At December 31, 2006 and 2005, FPL Energy's ARO was approximately $248 million and $211 million, respectively. During 2006, FPL Energy recognized accretion expense of approximately $23 million, increased the ARO approximately $119 million, primarily as a result of the acquisition of Duane Arnold, and decreased the ARO approximately $105 million, primarily as a result of decreasing the escalation rate used to determine the ultimate projected costs of decommissioning Seabrook and Duane Arnold. During 2005, FPL Energy recorded accretion expense of approximately $15 million, increased the ARO approximately $3 million for new wind assets and increased the ARO approximately $1 million as a result of implementing FIN 47. Restricted trust funds for the payment of future expenditures to decommission Seabrook and Duane Arnold are included in FPL Group's nuclear decommissioning reserve funds and totaled approximated $560 million and $318 million (Seabrook only) at December 31, 2006 and 2005, respectively. See Note 10.

16. 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 include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. At FPL Energy, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind projects and the procurement of nuclear fuel, as well as announced acquisitions. FPL FiberNet's capital expenditures primarily include costs to meet customer specific requirements and sustain its fiber-optic network. Planned capital expenditures for 2007 through 2011 were estimated as follows:

	2007	2008	2009	2010	2011	Total
			(millions)			
FPL:						
Generation: [a]						
New [b] [c]	$ 420	$ 720	$ 210	$ 10	$ -	$ 1,360
Existing	630	600	485	565	425	2,705
Transmission and distribution [d]	885	985	1,105	1,055	1,080	5,110
Nuclear fuel	105	130	140	170	110	655
General and other	145	160	170	205	205	885
Total	$ 2,185	$ 2,595	$ 2,110	$ 2,005	$ 1,820	$ 10,715
FPL Energy:						
Wind [e]	$ 1,565	$ 1,300	$ 10	$ 5	$ 5	$ 2,885
Nuclear [f]	1,140	155	120	165	110	1,690
Gas	105	30	15	15	20	185
Other	65	40	5	10	10	130
Total	$ 2,875	$ 1,525	$ 150	$ 195	$ 145	$ 4,890
FPL FiberNet	$ 13	$ 11	$ 11	$ 11	$ 11	$ 57

[a] Includes AFUDC of approximately $37 million, $52 million, $53 million and $6 million in 2007, 2008, 2009 and 2010, respectively.
[b] Includes land, generating structures, transmission interconnection and integration, licensing and AFUDC.
[c] Excludes capital expenditures of approximately $3.4 billion (approximately $310 million in 2008) for the two ultra super critical pulverized coal generating units for the period from early 2008 (expected Siting Board approval) through 2011.
[d] Includes estimated capital costs associated with FPL's Storm Secure Plan. These capital costs are subject to change over time based on, among other things, productivity enhancements and prioritization.
[e] Capital expenditures for new wind projects are estimated through 2008, when eligibility for PTC's for new wind projects is scheduled to expire.
[f] Includes nuclear fuel for Seabrook and Duane Arnold and, in 2007, the pending acquisition of Point Beach Nuclear Power Plant (Point Beach).

In addition to estimated capital expenditures listed above, FPL and FPL Energy have long-term contracts related to purchased power and/or fuel (see Contracts below). FPL Energy had approximately $4.3 billion in firm commitments, primarily for the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel for Seabrook and Duane Arnold and a portion of its projected capital expenditures, including the pending acquisition of Point Beach for approximately $1.0 billion. The Point Beach transaction is subject to, among other things, the receipt of approvals from various federal and state regulatory agencies. FPL Energy expects to close the transaction in the third quarter of 2007. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt.

FPL Group and FPL each account for payment guarantees and related contracts, for which it or a subsidiary is the guarantor, under FIN 45, which requires that the fair value of guarantees provided to unconsolidated entities entered into after December 31, 2002 be recorded on the balance sheet. At December 31, 2006, subsidiaries of FPL Group, other than FPL, have guaranteed debt service payments relating to agreements that existed at December 31, 2002. The term of the guarantees is equal to the term of the related debt, with remaining terms ranging from 1 year to 12 years. The maximum potential amount of future payments that could be required under these guarantees at December 31, 2006 was approximately $16 million. At December 31, 2006, FPL Group did 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 guarantees. Guarantees provided to unconsolidated entities entered into subsequent to December 31, 2002, and the related fair value, were not material as of December 31, 2006.

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 this agreement, the subsidiary could incur market-based liquidated damages for failure to meet contractual minimum outputs. In addition, certain subsidiaries of FPL Energy have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the FPL Energy subsidiary becoming liable for specified liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that the exposure associated with these guarantees is not material.

Contracts – FPL Group has entered into a long-term agreement for the purchase of wind, combustion and steam turbines, as well as parts, repairs and on-site services through 2021. The related commitments are included in FPL Energy's and Corporate and Other's minimum payments shown in the table below and in FPL Energy's estimated capital expenditures shown in the table 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 subsidiaries) to pay for approximately 1,300 mw of power annually through mid-2015 and 381 mw annually thereafter through 2021, and one of the Southern subsidiaries' contracts is subject to minimum quantities. FPL also has various firm pay-for-performance contracts to purchase approximately 700 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2009 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has various agreements with several electricity suppliers to purchase an aggregate of up to approximately 1,700 mw of power with expiration dates ranging from 2007 through 2012. In general, the agreements require FPL to make capacity payments and supply the fuel consumed by the plants under the contracts. FPL has contracts with expiration dates through 2028 for the purchase of natural gas, coal and oil, transportation of natural gas and coal, and storage of natural gas.

FPL Energy has entered into several contracts for the purchase of wind turbines and towers in support of a portion of its planned new wind generation. In addition, FPL Energy has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from 2007 through 2017. FPL Energy also has several contracts for the supply, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from 2007 to 2014.

The required capacity and minimum payments under these contracts are estimated as follows:

	2007	2008	2009	2010	2011	Thereafter
				(millions)		
FPL:						
Capacity payments: [a]						
JEA and Southern subsidiaries [b]	$ 200	$ 200	$ 210	$ 200	$ 200	$ 980
Qualifying facilities [b]	$ 320	$ 320	$ 320	$ 290	$ 270	$ 3,200
Other electricity suppliers [b]	$ 60	$ 50	$ 50	$ 10	$ 10	$ 5
Minimum payments, at projected prices:						
Southern subsidiaries – energy [b]	$ 80	$ 80	$ 90	$ 40	$ -	$ -
Natural gas, including transportation and storage [c]	$ 1,820	$ 480	$ 260	$ 260	$ 260	$ 2,150
Coal [c]	$ 60	$ 35	$ 10	$ 5	$ 5	$ -
Oil [c]	$ 190	$ -	$ -	$ -	$ -	$ -
FPL Energy	$ 1,215	$ 835	$ 55	$ 55	$ 55	$ 630
Corporate and Other	$ 15	$ -	$ -	$ -	$ -	$ -

(a) Capacity payments under these contracts, the majority of which are recoverable through the capacity clause, totaled approximately $610 million, $616 million and $656 million for the years ended December 31, 2006, 2005 and 2004, respectively.

(b) Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately $421 million, $363 million and $376 million for the years ended December 31, 2006, 2005 and 2004, respectively.

(c) Recoverable through the fuel clause.

In addition, FPL has entered into several long-term agreements for storage capacity and transportation of natural gas from facilities that have not yet begun construction. These agreements range from 12 to 23 years in length and contain firm commitments totaling approximately $131 million annually or $2.4 billion over the terms of the agreements. These firm commitments are contingent upon certain events, including approval by the FERC and completion of construction of the facilities in 2008 and 2009.

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 both private sources and an industry retrospective payment plan. In accordance with this Act, 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 $604 million ($402 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $90 million ($60 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, Duane Arnold and St. Lucie Unit No. 2, which approximates $12 million, $30 million and $15 million, plus any applicable taxes, per incident, respectively.

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 for an extended period of time 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 $132 million ($88 million for FPL), plus any applicable taxes, 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, Duane Arnold and St. Lucie Unit No. 2, which approximates $2 million, $5 million and $3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL has essentially no insurance coverage on its transmission and distribution property and FPL Group has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Under the terms of the 2005 rate agreement, FPL may recover prudently incurred storm restoration costs either through securitization pursuant to Section 366.8260 of the Florida Statutes or through surcharges. See Note 1 – Storm Reserve Deficiency.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers 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.

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. The EPA further revised its civil penalty rule in February 2004, such that the maximum penalty is $32,500 per day for each violation after March 15, 2004. 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 opposed that motion asking that the case remain closed until the Eleventh Circuit Court of Appeals ruled on the Tennessee Valley Authority's (TVA) appeal of an EPA administrative compliance 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 June 2003, the Eleventh Circuit issued its order dismissing the TVA's appeal because it found the provision of the Clean Air Act allowing the EPA to issue binding administrative compliance orders was unconstitutional, and hence found that the TVA order was a non-final order that courts of appeal do not have jurisdiction to review. In September 2003, the Eleventh Circuit denied the EPA's motion for rehearing. In May 2004, the U.S. Supreme Court denied the EPA's petition for review of the Eleventh Circuit order. The EPA has not yet moved to reopen the Georgia Power Company case.

In 2001, Florida Municipal Power Agency (FMPA) filed with the U.S. 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. In 1993, FPL filed a comprehensive restructuring of its then-existing tariff structure. All issues in that case were settled in September 2000 except for three issues reserved by FMPA: (i) FMPA's request for transmission credits related to the costs of its transmission facilities (the crediting issue), (ii) treatment of behind-the-meter generation and load ratio pricing for network integration transmission service (the behind-the-meter issue), and (iii) exclusions from FPL's transmission rates of the costs of FPL's facilities that fail to meet the same integration test that was applied to FMPA's facilities with respect to the crediting issue (the rate base issue). The FERC and the DC Circuit have rejected FMPA's claim for transmission credits, which would have reduced FMPA's payment obligation to FPL for network integration transmission service.

With regard to the behind-the-meter issue, the FERC rejected FMPA's argument that its obligation to pay for network integration transmission service should be reduced to the extent that FPL allegedly cannot provide transmission service because of "physical transmission limitations." In June 2005, the DC Circuit remanded the case to the FERC for further consideration. In December 2005, the FERC issued an order on remand finding that load ratio share pricing is appropriate notwithstanding constraints on a third-party's system. In January 2006, FMPA filed a rehearing request of this order with the FERC, which the FERC denied in July 2006. FMPA submitted a petition for review of the FERC's December 2005 and July 2006 orders at the DC Circuit. A briefing schedule has not yet been established in that proceeding.

With regard to the rate base issue, in May 2004 FPL made a compliance filing of a proposed rate schedule that does not include those facilities of FPL that fail to meet the same integration test that was applied to the FMPA facilities. Pursuant to that filing, FPL's current network transmission rate would have been reduced by $0.02 per kilowatt (kw) per month. In June 2004, FMPA filed a protest to FPL's compliance filing, arguing that FPL's current network transmission rate should be reduced by approximately $0.41 per kw per month. In January 2005, the FERC issued an order on FPL's compliance filing. In the order, the FERC accepted FPL's standards for analyzing the transmission system and agreed that FPL's "Georgia Ties" and "Turkey Point Lines" are part of FPL's integrated grid. The FERC required FPL to make an additional compliance filing removing the cost of all radial transmission lines from transmission rates, analyzing the FPL transmission system to remove the cost of any transmission facilities that provide only "unneeded redundancy," and calculating rate adjustments using 1993 data rather than 1998 data. FPL made this compliance filing in April 2005, which would reduce FPL's current rate by $0.04 per kw per month. In May 2005, FMPA protested FPL's compliance filing and argued that FPL's rates should be reduced by an additional $0.20 per kw per month, potentially resulting in a refund obligation to FMPA of approximately $22 million at December 31, 2006. Any reduction in FPL's network service rate also would apply effective January 1, 2004 to Seminole Electric Cooperative Inc. (Seminole), FPL's other network customer. The potential refund obligation to Seminole based on FMPA's position is approximately $9 million at December 31, 2006.

In December 2005, the FERC issued an order accepting FPL's April 2005 compliance filing in part, rejecting it in part, and directing the submission of a further compliance filing. The FERC concluded that it is not clear whether FPL failed to test its non-radial facilities in a manner comparable to the way it tested FMPA's facilities. FPL filed a rehearing request in January 2006, which the FERC denied in July 2006. FPL filed a request for rehearing of the FERC's July 2006 order. In September 2006, FPL made the required compliance filing, removing additional transmission facilities from rates, which resulted in a refund liability of approximately $4 million to FMPA and approximately $1 million to Seminole at December 31, 2006. FMPA has protested FPL's filing, claiming again that FPL's rates should be reduced by an additional $0.20 per kw per month.

In 1995 and 1996, FPL Group, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. On June 24, 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against FPL Group and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest. FPL Group has filed an answer to the complaint. FPL Group believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from FPL Group, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. The case is in discovery and has been reset for trial in March 2008.

In 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, as subsequently amended, 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 January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. The appeal is pending before the U.S. Court of Appeals for the Eleventh Circuit.

In 2003, Tish Blake and John Lowe, as personal representatives of the Estate of Ashton Lowe, on behalf of the estate and themselves, as surviving parents, brought an action in the U.S. District Court for the Southern District of Florida alleging that their son developed cancer (medulo-blastoma) 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 allegations, counts and damages demanded in the complaint, as subsequently amended, are virtually identical to those contained in the Finestone lawsuit described above. In January 2006, the court granted FPL's motion for final summary judgment and dismissed the case. On February 8, 2006, the plaintiffs filed a notice of appeal of the court's decision granting final summary judgment for FPL. The appeal is pending before the U.S. Court of Appeals for the Eleventh Circuit.

In 2003, Pedro C. and Emilia Roig brought an action on behalf of themselves and their son, Pedro Anthony Roig, in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (the state court), which was removed in October 2003 to the U.S. District Court for the Southern District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies and FPL, 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 power plants in southeast Florida. 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. The U.S. District Court remanded the action back to the state court. The drug manufacturing and distribution companies have moved to dismiss the action. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until requested by the plaintiffs.

In 2003, Edward and Janis Shiflett brought an action on behalf of themselves and their son, Phillip Benjamin Shiflett, in the Circuit Court of the Eighteenth Judicial Circuit in and for Brevard County, Florida (the state court), which was removed in January 2004 to the U.S. District Court for the Middle District of Florida, against Aventis Pasteur and a number of other named and unnamed drug manufacturing and distribution companies, FPL and the Orlando Utilities Commission, alleging that their son has suffered toxic neurological effects from mercury poisoning. The allegations, counts and damages demanded in the complaint with respect to FPL are virtually identical to those contained in the Roig lawsuit described above. FPL's motion to dismiss the complaint was denied. The U.S. District Court subsequently remanded the action back to the state court. The state court subsequently dismissed the drug manufacturing and distribution companies from the action. Plaintiffs' appeal of that order is pending before the Florida Fifth District Court of Appeal. Plaintiffs and FPL have agreed that FPL will not respond to the complaint until requested by the plaintiffs.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (FPL Energy Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. The petition alleges that the FPL Energy Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of energy each year and that the FPL Energy Affiliates failed to meet this obligation. The plaintiff has asserted claims for breach of contract and declaratory judgment and seeks damages of approximately $34 million. The FPL Energy Affiliates filed their answer and counterclaim in November 2004, denying the allegations. The counterclaim, as now amended, asserts claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and seeks termination of the contract and damages. At the end of 2005, TXU amended its complaint to add FPL Group, FPL Energy, FPL Group Capital and ESI Energy, LLC (ESI Energy), as defendants. Motions to dismiss those entities as defendants were filed, and FPL Group, FPL Group Capital and ESI Energy have been dismissed. The case is in discovery and has been reset for trial in April 2007.

In September 2006, PT Pertamina, Indonesia's state-owned oil/energy company, filed an action against KBC, an entity in which FPL Energy owns an equity interest, in the Grand Court of the Cayman Islands for fraud and for an injunction prohibiting KBC from disposing of, dealing with or diminishing the value of any of KBC's assets up to the value of PT Pertamina's funds KBC received as a result of the court judgment (approximately $320 million) pending resolution of the fraud claim. FPL Energy's portion of the damages being sought is approximately $145 million. KBC sought and in December 2006 received from the U.S. District Court for the Southern District of New York an anti-suit injunction against the plaintiff, prohibiting the plaintiff from pursuing the fraud action, or any similar action, and the request for injunctive relief in the Cayman court or any other court worldwide. The plaintiff's appeal of that order to the U.S. Court of Appeals for the Second Circuit is pending.

In addition to those legal proceedings discussed above, 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. Generating plants in which FPL Group or FPL have an ownership interest are also involved in legal proceedings and claims, the liabilities from which, if any, would be shared by FPL Group or FPL.

FPL Group and FPL believe that they, or their affiliates, have meritorious defenses to all the pending litigation and proceedings discussed above under the heading Litigation and are vigorously defending the lawsuits. While management is unable to predict with certainty the outcome of the legal proceedings and claims discussed or described herein, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of FPL Group or FPL.

17. Segment Information

FPL Group's reportable segments include FPL, a rate-regulated utility, and FPL Energy, a competitive energy business. 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 97% of FPL Group's operating revenues for each of the three years ended December 31, 2006, 2005 and 2004. Less than 1% of operating revenues were from foreign sources for each of the three years ended December 31, 2006, 2005 and 2004. At December 31, 2006 and 2005, less than 1% of long-lived assets were located in foreign countries.

FPL Group's segment information is as follows:

	2006				2005				2004			
	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	$ 11,988	$ 3,558	$ 164	$ 15,710	$ 9,528	$ 2,221	$ 97	$ 11,846	$ 8,734	$ 1,705	$ 83	$ 10,522
Operating expenses	$ 10,525	$ 2,803	$ 285[b]	$ 13,613	$ 8,181	$ 2,067	$ 108	$ 10,356	$ 7,419	$ 1,528	$ 90	$ 9,037
Interest charges	$ 278	$ 269	$ 159	$ 706	$ 224	$ 223	$ 146	$ 593	$ 183	$ 180	$ 126	$ 489
Depreciation and amortization	$ 787	$ 375	$ 23	$ 1,185	$ 951	$ 311	$ 23	$ 1,285	$ 915	$ 264	$ 19	$ 1,198
Equity in earnings of equity method investees	$ -	$ 181[c]	$ -	$ 181	$ -	$ 124	$ -	$ 124	$ -	$ 96	$ -	$ 96
Income tax expense (benefit) [d]	$ 424	$ 110	$ (137)	$ 397	$ 408	$ (55)	$ (71)	$ 282	$ 409	$ (60)	$ (77)	$ 272
Net income (loss)	$ 802	$ 610[e]	$ (131)[f]	$ 1,281	$ 748	$ 203	$ (50)	$ 901	$ 749	$ 181[g]	$ (34)	$ 896
Capital expenditures, independent power investments and nuclear fuel purchases	$ 1,868	$ 1,809	$ 62	$ 3,739	$ 1,711	$ 822	$ 13	$ 2,546	$ 1,484	$ 527	$ 6	$ 2,017
Property, plant and equipment	$ 25,686	$ 10,224	$ 242	$ 36,152	$ 24,407	$ 8,568	$ 334	$ 33,309	$ 23,516	$ 7,855	$ 316	$ 31,687
Accumulated depreciation and amortization	$ 9,848	$ 1,679	$ 126	$ 11,653	$ 9,530	$ 1,253	$ 105	$ 10,888	$ 9,467	$ 940	$ 87	$ 10,494
Total assets	$ 23,073	$ 11,371	$ 1,547	$ 35,991	$ 22,726	$ 9,394	$ 870	$ 32,990	$ 19,114	$ 8,488	$ 722	$ 28,324
Investment in equity method investees	$ -	$ 361	$ 9	$ 370	$ -	$ 320	$ 9	$ 329	$ -	$ 294	$ 9	$ 303

(a) FPL Energy's interest charges are based on a deemed capital structure of 50% debt for operating projects and 100% debt for projects under construction. Residual non-utility interest charges are included in Corporate and Other.
(b) Includes a $98 million impairment charge recorded at FPL FiberNet. See Note 5 – Corporate and Other.
(c) Includes an Indonesian project gain of $97 million. See Note 11 – FPL Energy.
(d) FPL Energy's tax expense (benefit) include production tax credits that were recognized based on its tax sharing agreement with FPL Group. See Note 1 – Income Taxes.
(e) Includes the Indonesian project gain of $63 million after-tax.
(f) Includes the FPL FiberNet impairment charge of $60 million after-tax.
(g) Includes net contract restructuring and impairment charges of $46 million after-tax. See Note 5 – FPL Energy.

18. 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. Most of FPL Group Capital's debt, including its debentures, and payment guarantees are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Year Ended December 31, 2006				Year Ended December 31, 2005				Year Ended December 31, 2004			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
						(millions)						
Operating revenues	$ -	$ 3,728	$ 11,982	$ 15,710	$ -	$ 2,323	$ 9,523	$ 11,846	$ -	$ 1,789	$ 8,733	$ 10,522
Operating expenses	(23)	(3,070)	(10,520)	(13,613)	-	(2,180)	(8,176)	(10,356)	-	(1,620)	(7,417)	(9,037)
Interest charges	(21)	(428)	(257)	(706)	(25)	(366)	(202)	(593)	(28)	(303)	(158)	(489)
Other income (deductions) – net	1,292	263	(1,268)	287	909	275	(898)	286	914	166	(908)	172
Income (loss) before income taxes	1,248	493	(63)	1,678	884	52	247	1,183	886	32	250	1,168
Income tax expense (benefit)	(33)	7	423	397	(17)	(109)	408	282	(10)	(126)	408	272
Net income (loss)	$ 1,281	$ 486	$ (486)	$ 1,281	$ 901	$ 161	$ (161)	$ 901	$ 896	$ 158	$ (158)	$ 896

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Balance Sheets

	December 31, 2006				December 31, 2005			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
				(millions)				
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ -	$ 10,466	$ 25,686	$ 36,152	$ -	$ 8,902	$ 24,407	$ 33,309
Less accumulated depreciation and amortization	-	(1,805)	(9,848)	(11,653)	-	(1,359)	(9,529)	(10,888)
Total property, plant and equipment – net	-	8,661	15,838	24,499	-	7,543	14,878	22,421
CURRENT ASSETS								
Cash and cash equivalents	-	556	64	620	7	467	56	530
Receivables	170	683	803	1,656	5	584	841	1,430
Other	10	767	1,946	2,723	63	518	2,446	3,027
Total current assets	180	2,006	2,813	4,999	75	1,569	3,343	4,987
OTHER ASSETS								
Investment in subsidiaries	9,892	-	(9,892)	-	8,710	-	(8,710)	-
Other	1,166	1,747	3,580	6,493	140	1,368	4,074	5,582
Total other assets	11,058	1,747	(6,312)	6,493	8,850	1,368	(4,636)	5,582
TOTAL ASSETS	$ 11,238	$ 12,414	$ 12,339	$ 35,991	$ 8,925	$ 10,480	$ 13,585	$ 32,990
CAPITALIZATION								
Common shareholders' equity	$ 9,930	$ 2,354	$ (2,354)	$ 9,930	$ 8,561	$ 1,973	$ (1,973)	$ 8,561
Long-term debt	-	5,377	4,214	9,591	-	4,768	3,271	8,039
Total capitalization	9,930	7,731	1,860	19,521	8,561	6,741	1,298	16,600
CURRENT LIABILITIES								
Debt due within one year	-	2,112	630	2,742	-	1,269	1,294	2,563
Accounts payable	-	325	735	1,060	17	365	863	1,245
Other	222	749	1,720	2,691	85	803	2,571	3,459
Total current liabilities	222	3,186	3,085	6,493	102	2,437	4,728	7,267
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	-	248	1,572	1,820	-	211	1,474	1,685
Accumulated deferred income taxes	269	945	2,218	3,432	(5)	502	2,555	3,052
Regulatory liabilities	531	-	3,121	3,652	-	-	3,075	3,075
Other	286	304	483	1,073	267	589	455	1,311
Total other liabilities and deferred credits	1,086	1,497	7,394	9,977	262	1,302	7,559	9,123
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$ 11,238	$ 12,414	$ 12,339	$ 35,991	$ 8,925	$ 10,480	$ 13,585	$ 32,990

[a] Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2006				Year Ended December 31, 2005				Year Ended December 31, 2004			
	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group (Guarantor)	FPL Group Capital	Other[a]	FPL Group Consolidated
	(millions)											
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 353	$ 791	$ 1,354	$ 2,498	$ 191	$ 278	$ 1,078	$ 1,547	$ 437	$ 868	$ 1,345	$ 2,650
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures, independent power investments and nuclear fuel purchases	(40)	(1,833)	(1,866)	(3,739)	-	(834)	(1,712)	(2,546)	-	(533)	(1,484)	(2,017)
Sale of independent power investments	-	20	-	20	-	69	-	69	-	93	-	93
Loan repayments and capital distributions from equity method investees	-	-	-	-	-	199	-	199	-	9	-	9
Funding of secured loan	-	-	-	-	-	(43)	-	(43)	-	(128)	-	(128)
Proceeds from termination of leveraged leases	-	-	-	-	-	58	-	58	-	-	-	-
Other – net	-	(7)	(81)	(88)	(299)	195	202	98	(29)	115	85	171
Net cash used in investing activities	(40)	(1,820)	(1,947)	(3,807)	(299)	(356)	(1,510)	(2,165)	(29)	(444)	(1,399)	(1,872)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	-	2,470	938	3,408	-	803	588	1,391	-	334	235	569
Retirements of long-term debt	-	(1,530)	(135)	(1,665)	-	(715)	(505)	(1,220)	-	(432)	-	(432)
Proceeds from purchased Corporate Units	210	-	-	210	-	-	-	-	-	-	-	-
Payments to terminate Corporate Units	(258)	-	-	(258)	-	-	-	-	-	-	-	-
Net change in short-term debt	-	467	(529)	(62)	-	-	667	667	-	(284)	(139)	(423)
Issuances of common stock	333	-	-	333	639	-	-	639	110	-	-	110
Dividends on common stock	(593)	-	-	(593)	(544)	-	-	(544)	(467)	-	-	(467)
Other – net	(12)	(289)	327	26	(6)	323	(327)	(10)	(52)	(6)	19	(39)
Net cash provided by (used in) financing activities	(320)	1,118	601	1,399	89	411	423	923	(409)	(388)	115	(682)
Net increase (decrease) in cash and cash equivalents	(7)	89	8	90	(19)	333	(9)	305	(1)	36	61	96
Cash and cash equivalents at beginning of period	7	467	56	530	26	134	65	225	27	98	4	129
Cash and cash equivalents at end of year	$ -	$ 556	$ 64	$ 620	$ 7	$ 467	$ 56	$ 530	$ 26	$ 134	$ 65	$ 225

[a] Represents FPL and consolidating adjustments.

19. 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:				
2006				
Operating revenues [b]	$3,584	$3,809	$ 4,694	$3,623
Operating income [b]	$ 473	$ 435	$ 872	$ 317[c]
Net income [b]	$ 251	$ 236	$ 527	$ 268[d]
Earnings per share [e]	$ 0.64	$ 0.60	$ 1.33	$ 0.68[d]
Earnings per share – assuming dilution [e]	$ 0.64	$ 0.60	$ 1.32	$ 0.67[d]
Dividends per share	$0.375	$0.375	$ 0.375	$0.375
High-low common stock sales prices	$43.42-38.85	$41.97-37.81	$ 45.87-40.59	$55.57-44.97
2005				
Operating revenues [b]	$2,437	$2,741	$ 3,504	$3,164
Operating income [b]	$ 236	$ 327	$ 570	$ 356
Net income [b]	$ 139	$ 207	$ 346	$ 209
Earnings per share [e]	$ 0.37	$ 0.54	$ 0.90	$ 0.54
Earnings per share – assuming dilution [e]	$ 0.37	$ 0.54	$ 0.89	$ 0.54
Dividends per share	$0.355	$0.355	$ 0.355	$0.355
High-low common stock sales prices	$41.38-35.90	$42.72-39.16	$ 48.11-40.30	$48.05-40.75
FPL:				
2006				
Operating revenues [b]	$2,584	$2,999	$ 3,513	$2,892
Operating income [b]	$ 246	$ 339	$ 565	$ 313
Net income [b]	$ 122	$ 182	$ 328	$ 170
2005				
Operating revenues [b]	$2,041	$2,298	$ 2,891	$2,298
Operating income [b]	$ 201	$ 343	$ 551	$ 252
Net income [b]	$ 111	$ 201	$ 311	$ 124

(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 generally will not give a true indication of results for the year. Amounts have been adjusted to reflect the retrospective application of a FASB Staff Position related to planned major maintenance activities. Such adjustments were not material for the quarters presented.

(b) The sum of the quarterly amounts may not equal the total for the year due to rounding.

(c) Includes impairment charges. See Note 5.

(d) Includes impairment charges and an Indonesian project gain. See Note 5 and Note 11 – FPL Energy.

(e) 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.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2006, each of FPL Group and FPL had 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 each company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) or 15d-15(e)). 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 and ensuring that information required to be disclosed in the company's reports filed or submitted under the Exchange Act is accumulated and communicated to management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure. FPL Group and FPL each have a Disclosure Committee, which is made up of several key management employees and reports directly to the chief executive officer and chief financial officer of each company, to monitor and evaluate these disclosure controls and procedures. 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 their respective disclosure controls and procedures will be met.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

(b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

(c) Changes in Internal Control Over Financial Reporting

FPL Group and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout FPL Group and FPL. However, there has been no change in FPL Group's or FPL's internal control over financial reporting that occurred during FPL Group's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, FPL Group's or FPL's internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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 2007 Annual Meeting of Shareholders (FPL Group's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business – Executive Officers of FPL Group.

Item 11. Executive Compensation

The information required by this item will be included in FPL Group's Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in FPL Group's Proxy Statement and is incorporated herein by reference.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

FPL Group's equity compensation plan information as of December 31, 2006 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)) (c)
Equity compensation plans approved by security holders	6,344,801	$30.22	11,488,408
Equity compensation plans not approved by security holders [a]	38,589	$14.96	-

[a] Represents options granted by Gexa Corp. under its Amended and Restated 2004 Incentive Plan and pursuant to various individual grants, all of which were made prior to the acquisition of Gexa Corp. All such options were assumed by FPL Group in connection with the acquisition of Gexa Corp. and are fully vested and exercisable for shares of FPL Group common stock. No further grants of stock options will be made under this plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in FPL Group's Proxy Statement under the subheadings Policy Regarding Transactions with Related Persons, if applicable and Director Independence in the section entitled Corporate Governance and Board Matters and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

FPL Group – The information required by this item will be included in FPL Group's Proxy Statement under the subheadings Fees Paid to Deloitte & Touche LLP and Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm in the section entitled Audit-Related Matters and is incorporated herein by reference.

FPL – The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the fiscal years ended December 31, 2006 and 2005. The amounts presented below reflect allocations from FPL Group for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2006	2005
Audit fees [a]	$ 2,571,000	$ 2,410,000
Audit-related fees [b]	252,000	237,000
Tax fees [c]	37,000	101,000
All other fees [d]	-	-
Total	$ 2,860,000	$ 2,748,000

[a] Audit fees consist of fees billed for professional services rendered for the audit of FPL's and FPL Group's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and FPL Group's Quarterly Reports on Form 10-Q for the fiscal year, attestation of management's assessment of internal control over financial reporting and the audit of the effectiveness of internal control over financial reporting, comfort letters, consents, and other services related to SEC matters, services in connection with annual and semi-annual filings of FPL Group's financial statements with the Japanese Ministry of Finance and accounting consultations to the extent necessary for Deloitte & Touche to fulfill its responsibility under Public Company Accounting Oversight Board standards.

[b] Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL's and FPL Group's consolidated financial statements and are not reported under Audit Fees. These fees primarily related to audits of subsidiary financial statements, comfort letters, consents and other services related to subsidiary (non-SEC registrant) financing activities, audits of employee benefit plans and consultation on accounting standards and on transactions.

[c] Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2006, all tax fees paid related to tax compliance services. In 2005, approximately $21,000 was paid related to tax advice and planning services. All other tax fees paid in 2005 related to tax compliance services.

[d] All other fees consist of fees for products and services other than the services reported under the other named categories. In 2006 and 2005, there were no other fees incurred in this category.

In accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), FPL Group's Audit Committee's pre-approval policy for services provided by the independent auditor and the Charter of the Audit Committee, all services performed by Deloitte & Touche are approved in advance by the Audit Committee. Audit and audit-related services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified audit and audit-related services on an as-needed basis during the year,

provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any audit or audit-related service for which the fee is expected to exceed $250,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such work. In addition, the Audit Committee approves all services other than audit and audit-related services performed by Deloitte & Touche in advance of the commencement of such work or, in cases which meet the de minimus pre-approval exception established by Sarbanes-Oxley, prior to completion of the audit. The Audit Committee has delegated to the chairman of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. The Audit Committee reviews on a quarterly basis a schedule of all services for which Deloitte & Touche has been engaged and the estimated fees for those services. In 2006, approximately $5,800 (16% of total tax fees and 0.2% of total fees paid to Deloitte & Touche during 2006) of services included in the Tax Fees category described above were approved by the Audit Committee after the services were rendered, pursuant to the de minimus exception established by Sarbanes-Oxley. In 2005, no services provided by Deloitte & Touche to FPL or allocated to FPL under the categories Audit-related Fees, Tax Fees and All Other Fees described above were approved by the Audit Committee after services were rendered pursuant to the de minimus exception.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(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
*2	Termination and Release Agreement dated as of October 24, 2006, among FPL Group, Constellation Energy Group, Inc. and CF Merger Corporation (filed as Exhibit 2.1 to Form 8-K dated October 24, 2006, File No. 1-8841)	x	x
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through March 10, 2005 (filed as Exhibit 3(i) to Form S-4, File No. 333-124438)	x	
*3(i)b	Amendment to FPL Group's Restated Articles of Incorporation dated July 3, 2006 (filed as Exhibit 3(i) to Form 8-K dated June 30, 2006, 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
*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

Exhibit Number	Description	FPL Group	FPL
*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
*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
*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
*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
*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
*3(i)j	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)j to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)k	Amendment to FPL's Restated Articles of Incorporation dated January 20, 2004 (filed as Exhibit 3(i)k to Form 10-K dated December 31, 2003, File No. 2-27612)		x
*3(i)l	Amendment to FPL's Restated Articles of Incorporation dated February 11, 2005 (filed as Exhibit 3(i)m to Form 10-K for the year ended December 31, 2004, File No. 2-27612)		x
*3(ii)a	Amended and Restated Bylaws of FPL Group, as amended through May 26, 2006 (filed as Exhibit 3(ii)a to Form 10-Q for the quarter ended June 30, 2006, 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)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and ten 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	x	x

Exhibit Number	Description	FPL Group	FPL
	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; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; and Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612)		
*4(b)	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	
*4(c)	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(d)	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(e)	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(f)	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(g)	Officer's Certificate of FPL Group Capital, dated August 18, 2006, creating the 5 5/8% Debentures, Series due September 1, 2011 (filed as Exhibit 4 to Form 8-K dated August 18, 2006, File No. 1-8841)	x	
*4(h)	Indenture (For Unsecured Subordinated Debt Securities relating to Trust Securities) dated as of March 1, 2004 among FPL Group Capital, FPL Group (as Guarantor) and the Bank of New York (as Trustee) (filed as Exhibit 4(au) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(i)	Preferred Trust Securities Guarantee Agreement between FPL Group (as Guarantor) and The Bank of New York (as Guarantee Trustee), dated as of March 15, 2004 (filed as Exhibit 4(aw) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(j)	Amended and Restated Trust Agreement relating to FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(at) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(k)	Agreement as to Expenses and Liabilities of FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(ax) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	

Exhibit Number	Description	FPL Group	FPL
*4(l)	Officer's Certificate of FPL Group Capital and FPL Group, dated March 15, 2004, creating the 5 7/8% Junior Subordinated Debentures, Series due March 15, 2044 (filed as Exhibit 4(av) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(m)	Indenture (For Unsecured Subordinated Debt Securities) dated as of September 1, 2006, among FPL Group Capital, FPL Group (as Guarantor) and The Bank of New York (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(n)	Officer's Certificate of FPL Group Capital and FPL Group dated September 19, 2006, creating the Series A Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(b) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(o)	Officer's Certificate of FPL Group Capital and FPL Group dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(p)	Replacement Capital Covenant dated September 19, 2006 by FPL Group Capital and FPL Group (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(q)	Warrant Agreement by and between Gexa Corp. and Highbridge/Zwirn Special Opportunities Fund, L.P., dated as of July 8, 2004, assumed by FPL Group effective June 17, 2005 (filed by Gexa Corp. as Exhibit 4.1 to Form 8-K dated July 8, 2004, File No. 1-31435)	x	
*4(r)	Warrant Agreement by and between Gexa Corp. and Prospect Street Ventures Ltd., dated as of July 19, 2004, assumed by FPL Group effective June 17, 2005 (filed as Exhibit 4(d) to Form 10-Q for the quarter ended June 30, 2005, File No. 1-8841)	x	
*4(s)	Warrant Agreement by and between Gexa Corp. and Prospect Street Ventures I LLC, dated as of September 9, 2004, assumed by FPL Group effective June 17, 2005 (filed as Exhibit 4(e) to Form 10-Q for the quarter ended June 30, 2005, File No. 1-8841)	x	
*4(t)	Form of Warrant Agreement to Purchase Shares of Common Stock of Gexa Corp., dated as of November 23, 2004, assumed by FPL Group effective June 17, 2005 (filed as Exhibit 4(f) to Form 10-Q for the quarter ended June 30, 2005, 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
*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)	Amendment #4 adopted October 13, 2005 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997	x	x
10(e)	Appendix C1 (revised as of February 15, 2007) to Amendment #4 adopted October 13, 2005 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997	x	x

Exhibit Number	Description	FPL Group	FPL
10(f)	Amendment #5 adopted February 15, 2007 to FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997	x	x
*10(g)	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(h)	FPL Group Amended and Restated Long Term Incentive Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)	x	x
10(i)	Form of FPL Group Amended and Restated Long Term Incentive Plan Performance Share Award Agreement	x	x
*10(j)	Form of FPL Group Amended and Restated Long Term Incentive Plan Restricted Stock Award Agreement (filed as Exhibit 10(b) to Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(k)	Form of FPL Group Amended and Restated Long Term Incentive Plan Restricted Stock Award Agreement (filed as Exhibit 10 to Form 8-K dated January 28, 2005, File No. 1-8841)	x	x
10(l)	Form of FPL Group Amended and Restated Long Term Incentive Plan Restricted Stock Award Agreement	x	x
*10(m)	Form of FPL Group Amended and Restated Long Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(c) to Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(n)	Form of FPL Group Amended and Restated Long Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(d) to to Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(o)	Form of FPL Group Amended and Restated Long Term Incentive Plan Deferred Stock Award Agreement (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
*10(p)	Form of FPL Group Annual Incentive Plan (filed as Exhibit 10(n) to Form 10-K for the year ended December 31, 2004, File No. 1-8841)	x	x
10(q)	2007 FPL Group Annual Incentive Plan	x	x
*10(r)	FPL Group Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841)	x	x
*10(s)	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(t)	FPL Group Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)	x	
10(u)	Non-Employee Director Compensation Summary	x	
*10(v)	Form of Split Dollar Agreement between FPL Group and each of its executive officers who elect to participate, including provisions relating to Certain Officers (as of February 26, 2007 all executive officers participate except Moray P. Dewhurst, and "Certain Officers" include Armando J. Olivera and Antonio Rodriguez) (filed as Exhibit 10(s) to Form 10-K for the year ended December 31, 2004, File No. 1-8841)	x	x

Exhibit Number	Description	FPL Group	FPL
*10(w)	Form of Executive Retention Employment Agreement between FPL Group and each of Lewis Hay, III, 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)	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)	Amendment to Executive Retention Employment Agreement between FPL Group and Armando J. Olivera, dated as of October 17, 2003 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2003, File No. 1-8841)	x	x
*10(z)	Form of Executive Retention Employment Agreement between FPL Group and each of Robert H. Escoto, Robert L. McGrath, Edward F. Tancer and F. Mitchell Davidson (filed as Exhibit 10(x) to Form 10-K for the year ended December 31, 2004, File No. 1-8841)	x	x
*10(aa)	Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement dated as of June 17, 2002 by and between FPL Group and Lewis Hay, III (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
*10(bb)	Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement dated as of June 10, 2002 by and between FPL Group and Moray P. Dewhurst (filed as Exhibit 10(z) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
*10(cc)	Form of Amendment dated as of December 18, 2005 to the Executive Retention Employment Agreement between FPL Group and each of Robert H. Escoto, Robert L. McGrath, Armando J. Olivera, James L. Robo, Antonio Rodriguez, John A. Stall and Edward F. Tancer (filed as Exhibit 10(aa) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
*10(dd)	Employment Agreement between FPL Group and Lewis Hay, III dated February 25, 2005 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2004, File No. 1-8841)	x	x
*10(ee)	Amendment dated as of December 15, 2005 to the Employment Agreement dated as of February 25, 2005 between FPL Group and Lewis Hay, III (filed as Exhibit 10(cc) to Form 10-K for the year ended December 31, 2005, File No. 1-8841)	x	x
10(ff)	Amendment dated December 15, 2006 to the Employment Agreement dated as of February 25, 2005 between FPL Group and Lewis Hay, III	x	x
*10(gg)	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 Ratios	x	
12(b)	Computation of Ratios		x
21	Subsidiaries of FPL Group	x	
23	Consent of Independent Registered Public Accounting Firm	x	x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL Group	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL Group	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of FPL		x

Exhibit Number	Description	FPL Group	FPL
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of FPL		x
32(a)	Section 1350 Certification of FPL Group	x	
32(b)	Section 1350 Certification 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.

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.

JAMES L. ROBO
James L. Robo
President and Chief Operating Officer

Date: February 26, 2007

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 February 26, 2007:

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board,
Chief Executive Officer and Director
(Principal Executive Officer)

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer
(Principal Accounting Officer)

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance and
Chief Financial Officer
(Principal Financial Officer)

Directors:

SHERRY S. BARRAT
Sherry S. Barrat

Toni Jennings

ROBERT M. BEALL, II
Robert M. Beall, II

RUDY E. SCHUPP
Rudy E. Schupp

J. HYATT BROWN
J. Hyatt Brown

MICHAEL H. THAMAN
Michael H. Thaman

JAMES L. CAMAREN
James L. Camaren

HANSEL E. TOOKES, II
Hansel E. Tookes, II

J. BRIAN FERGUSON
J. Brian Ferguson

PAUL R. TREGURTHA
Paul R. Tregurtha

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

ARMANDO J. OLIVERA
Armando J. Olivera
President and Director

Date: February 26, 2007

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 February 26, 2007:

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:

ANTONIO RODRIGUEZ
Antonio Rodriguez

JOHN A. STALL
John A. Stall

EDWARD F. TANCER
Edward F. Tancer

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 Which Have Not Registered Securities Pursuant to Section 12 of the Securities Exchange Act of 1934

No annual report, proxy statement, form of proxy or other proxy soliciting material has been sent to securities holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Exhibit 12(a)

FPL GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS[a]

	Years Ended December 31,				
	2006	2005[b]	2004[b]	2003[b]	2002[b]
	(millions of dollars)				
Earnings, as defined:					
Income before cumulative effect of changes in accounting principles	$1,281	$ 901	$ 896	$ 906	$ 701
Preferred stock dividends of a consolidated subsidiary	-	-[c]	-[c]	13	15
Income taxes	397	282	272	376	247
Fixed charges included in the determination of net income, as below	721	609	505	397	328
Amortization of capitalized interest	11	11	8	4	2
Distributed income of equity method investees	104	86	83	68	96
Less: Equity in earnings of equity method investees	181	124	96	89	76
Total earnings, as defined	$2,333	$1,765	$1,668	$1,675	$1,313
Fixed charges, as defined:					
Interest charges	$ 706	$ 593	$ 489	$ 379	$ 311
Rental interest factor	15	16	16	17	14
Fixed charges included in nuclear fuel cost	-	-	-	1	3
Fixed charges included in the determination of net income	721	609	505	397	328
Capitalized interest	29	21	54	88	91
Dividend requirements on preferred stock of a consolidated subsidiary before income taxes	-	-[c]	-[c]	20	23
Total fixed charges, as defined	$ 750	$ 630	$ 559	$ 505	$ 442
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends [a]	3.11	2.80	2.98	3.32	2.97

[a] FPL Group, Inc. has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

[b] Amounts have been adjusted to reflect the retrospective application of FASB Staff Position AUG AIR-1, "Accounting for Planned Major Maintenance Activities."

[c] A portion of Florida Power & Light Company's preferred stock was owned by FPL Group, Inc. and was eliminated in consolidation. Accordingly, those dividends are not included herein.

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Years Ended December 31,				
	2006	2005	2004	2003	2002
	(millions of dollars)				
RATIO OF EARNINGS TO FIXED CHARGES					
Earnings, as defined:					
Net income	$ 802	$ 748	$ 750	$ 755	$ 732
Income taxes	424	408	409	403	413
Fixed charges, as below	296	244	202	186	177
Total earnings, as defined	$ 1,522	$ 1,400	$ 1,361	$ 1,344	$ 1,322
Fixed charged, as defined:					
Interest charges	$ 278	$ 224	$ 183	$ 173	$ 166
Rental interest factor	7	7	8	8	8
Fixed charges included in nuclear fuel cost	-	-	-	1	3
Capitalized interest	11	13	11	4	-
Total fixed charges, as defined	$ 296	$ 244	$ 202	$ 186	$ 177
Ratio of earnings to fixed charges	5.14	5.74	6.74	7.23	7.47
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Earnings, as defined:					
Net income	$ 802	$ 748	$ 750	$ 755	$ 732
Income taxes	424	408	409	403	413
Fixed charges, as below	296	244	202	186	177
Total earnings, as defined	$ 1,522	$ 1,400	$ 1,361	$ 1,344	$ 1,322
Fixed charged, as defined:					
Interest charges	$ 278	$ 224	$ 183	$ 173	$ 166
Rental interest factor	7	7	8	8	8
Fixed charges included in nuclear fuel cost	-	-	-	1	3
Capitalized interest	11	13	11	4	-
Total fixed charges, as defined	296	244	202	186	177
Non-tax deductible preferred stock dividends	-	-	1	13	15
Ratio of income before income taxes to net income	1.53	1.55	1.55	1.53	1.56
Preferred stock dividends before income taxes	-	-	2	20	23
Combined fixed charges and preferred stock dividends	$ 296	$ 244	$ 204	$ 206	$ 200
Ratio of earnings to combined fixed charges and preferred stock dividends	5.14	5.74	6.67	6.52	6.61

[a] Florida Power & Light Company's preference equity securities were redeemed in January 2005. For the year ended December 31, 2005, preferred stock dividends were less than $1 million. Therefore, for the years ended December 31, 2006 and 2005, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 21

SUBSIDIARIES OF FPL GROUP, INC.

FPL Group, Inc.'s principal subsidiaries as of December 31, 2006 are listed below. All other subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Subsidiary	State or Jurisdiction of Incorporation
1. Florida Power & Light Company (100%-owned)	Florida
2. FPL Group Capital Inc (100%-owned)	Florida
3. FPL Energy, LLC [a] [b]	Delaware
4. Bay Loan and Investment Bank [b]	Rhode Island
5. Palms Insurance Company, Limited [b]	Cayman Islands

[a] Includes 358 subsidiaries that operate in the United States in the same line of business as FPL Energy, LLC

[b] 100%-owned subsidiary of FPL Group Capital Inc

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our report dated February 26, 2007, (which report expresses an unqualified opinion and includes an explanatory paragraph relating to FPL Group, Inc.'s and Florida Power & Light Company's accounting changes resulting from the adoption of new accounting standards) relating to the financial statements of FPL Group, Inc. and Florida Power & Light Company and our report dated February 26, 2007 relating to management's report on the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of FPL Group, Inc. and Florida Power & Light Company for the year ended December 31, 2006:

FPL Group, Inc.

Form S-8	No. 33-11631
Form S-3	No. 33-57470
Form S-8	No. 33-57673
Form S-8	No. 333-27079
Form S-8	No. 333-88067
Form S-8	No. 333-114911
Form S-8	No. 333-116501
Form S-3	No. 333-125275
Form S-8	No. 333-125954
Form S-3	No. 333-129482
Form S-8	No. 333-130479
Form S-3	No. 333-137120

FPL Group Trust I

Form S-3	No. 333-137120-04

FPL Group Trust II

Form S-3	No. 333-137120-03

Florida Power & Light Company

Form S-3	No. 33-40123
Form S-3	No. 333-137120-07
Form S-4	No. 333-138818

Florida Power & Light Company Trust I

Form S-3	No. 333-137120-02

Florida Power & Light Company Trust II

Form S-3	No. 333-137120-01

FPL Group Capital Inc

Form S-3	No. 333-137120-08

FPL Group Capital Trust II

Form S-3	No. 333-137120-06

FPL Group Capital Trust III

Form S-3	No. 333-137120-05

DELOITTE & TOUCHE LLP

Miami, Florida
February 26, 2007

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2007

LEWIS HAY, III

Lewis Hay, III
Chairman of the Board
and Chief Executive Officer
of FPL Group, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2006 of FPL Group, Inc. (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2007

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer
of FPL Group, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, Lewis Hay, III, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2007

LEWIS HAY, III

Lewis Hay, III
Chairman of the Board
and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2006 of Florida Power & Light Company (the registrant);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2007

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer
of Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of FPL Group, Inc. (FPL Group) for the year ended December 31, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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.

Dated: February 26, 2007

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer of FPL Group, Inc.

MORAY P. DEWHURST
Moray P. Dewhurst
Vice President, Finance
and Chief Financial Officer of FPL Group, Inc.

A signed original of this written statement required by Section 906 has been provided to FPL Group and will be retained by FPL Group and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL Group under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, Lewis Hay, III and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of Florida Power & Light Company (FPL) for the year ended December 31, 2006 (Report) fully complies with the requirements of Section 13(a) or 15(d) 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: February 26, 2007

LEWIS HAY, III
Lewis Hay, III
Chairman of the Board
and Chief Executive Officer of
Florida Power & Light Company

MORAY P. DEWHURST
Moray P. Dewhurst
Senior Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

A signed original of this written statement required by Section 906 has been provided to FPL and will be retained by FPL and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of FPL under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit (c)-2

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31, 2006	December 31, 2005*
ELECTRIC UTILITY PLANT		
Plant in service	$ 24,150	$ 23,251
Nuclear fuel	423	380
Construction work in progress	1,113	776
Less accumulated depreciation and amortization	(9,848)	(9,530)
Electric utility plant – net	15,838	14,877
CURRENT ASSETS		
Cash and cash equivalents	64	56
Customer receivables, net of allowances of $15 and $20, respectively	872	653
Other receivables, net of allowances of $1 and $1, respectively	221	313
Materials, supplies and fossil fuel inventory – at average cost	558	449
Regulatory assets:		
Deferred clause and franchise expenses	167	795
Storm reserve deficiency	106	156
Derivatives	921	-
Other	-	7
Derivatives	4	828
Other	202	212
Total current assets	3,115	3,469
OTHER ASSETS		
Nuclear decommissioning reserve funds	2,264	2,083
Pension plan assets – net	857	802
Regulatory assets:		
Storm reserve deficiency	762	957
Deferred clause expenses	-	307
Unamortized loss on reacquired debt	39	42
Other	37	37
Other	161	152
Total other assets	4,120	4,380
TOTAL ASSETS	$ 23,073	$ 22,726
CAPITALIZATION		
Common shareholder's equity	$ 7,539	$ 6,737
Long-term debt	4,214	3,271
Total capitalization	11,753	10,008
CURRENT LIABILITIES		
Commercial paper	630	1,159
Current maturities of long-term debt	-	135
Accounts payable	735	863
Customer deposits	500	423
Margin cash deposits	-	382
Accrued interest and taxes	281	174
Regulatory liabilities:		
Deferred clause and franchise revenues	37	32
Derivatives	-	757
Derivatives	780	-
Other	423	929
Total current liabilities	3,386	4,854
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,572	1,474
Accumulated deferred income taxes	2,561	2,647
Regulatory liabilities:		
Accrued asset removal costs	2,044	2,033
Asset retirement obligation regulatory expense difference	868	786
Other	209	256
Other	680	668
Total other liabilities and deferred credits	7,934	7,864
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 23,073	$ 22,726

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
*As adjusted.

Exhibit (c)-3

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS [a]

	Years Ended December 31,				
	2006	2005	2004	2003	2002
	(millions of dollars)				
RATIO OF EARNINGS TO FIXED CHARGES					
Earnings, as defined:					
Net income	$ 802	$ 748	$ 750	$ 755	$ 732
Income taxes	424	408	409	403	413
Fixed charges, as below	296	244	202	186	177
Total earnings, as defined	$ 1,522	$ 1,400	$ 1,361	$ 1,344	$ 1,322
Fixed charged, as defined:					
Interest charges	$ 278	$ 224	$ 183	$ 173	$ 166
Rental interest factor	7	7	8	8	8
Fixed charges included in nuclear fuel cost	-	-	-	1	3
Capitalized interest	11	13	11	4	-
Total fixed charges, as defined	$ 296	$ 244	$ 202	$ 186	$ 177
Ratio of earnings to fixed charges	5.14	5.74	6.74	7.23	7.47
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Earnings, as defined:					
Net income	$ 802	$ 748	$ 750	$ 755	$ 732
Income taxes	424	408	409	403	413
Fixed charges, as below	296	244	202	186	177
Total earnings, as defined	$ 1,522	$ 1,400	$ 1,361	$ 1,344	$ 1,322
Fixed charged, as defined:					
Interest charges	$ 278	$ 224	$ 183	$ 173	$ 166
Rental interest factor	7	7	8	8	8
Fixed charges included in nuclear fuel cost	-	-	-	1	3
Capitalized interest	11	13	11	4	-
Total fixed charges, as defined	296	244	202	186	177
Non-tax deductible preferred stock dividends	-	-	1	13	15
Ratio of income before income taxes to net income	1.53	1.55	1.55	1.53	1.56
Preferred stock dividends before income taxes	-	-	2	20	23
Combined fixed charges and preferred stock dividends	$ 296	$ 244	$ 204	$ 206	$ 200
Ratio of earnings to combined fixed charges and preferred stock dividends	5.14	5.74	6.67	6.52	6.61

[a] Florida Power & Light Company's preference equity securities were redeemed in January 2005. For the year ended December 31, 2005, preferred stock dividends were less than $1 million. Therefore, for the years ended December 31, 2006 and 2005, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit (d)-1

FLORIDA POWER & LIGHT COMPANY

FIRST MORTGAGE BONDS

UNDERWRITING AGREEMENT

January 11, 2006

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 ("First Mortgage Bonds") of the series designation, with the terms and in the principal amount 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 will be a series of 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 (the "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, together with Florida Power & Light Company Trust I, a Delaware statutory trust ("Florida Power & Light Company Trust I"), and Florida Power & Light Company Trust II, a Delaware statutory trust ("Florida Power & Light Company Trust II," and together with Florida Power & Light Company Trust I, the "Trusts"), filed with the Securities and Exchange Commission (the "Commission") a joint registration statement on Form S-3, including a prospectus (Registration Statement Nos. 333-116300, 333-116300-01 and 333-116300-02) ("Registration Statement No. 333-116300"), for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of (a) $1,000,000,000 aggregate amount of (i) First Mortgage Bonds, (ii) shares of FPL's serial Preferred Stock, $100 par value ("Serial Preferred Stock") and shares of FPL's Preferred Stock without par value ("No Par Preferred Stock," and together with the Serial Preferred Stock, "Preferred Stock"), (iii) FPL subordinated debentures ("FPL Subordinated Debentures"), and (iv) preferred trust securities of the Trusts ("Preferred Trust Securities"), and (b) FPL's guarantee of the Preferred Trust Securities (the "Trust Guarantee"). 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. All but $400,000,000 aggregate principal amount of securities registered with the Commission pursuant to Registration Statement No. 333-116300 have been previously issued. References herein to the term "Registration Statement" as of any given time shall mean Registration Statement No. 333-116300, as amended or supplemented to such time, including all documents incorporated by reference therein as of such time pursuant to Item 12 of Form S-3 ("Incorporated Documents") and any prospectus, preliminary prospectus supplement or prospectus supplement relating to the Bonds deemed to be a part thereof pursuant to Rule 430B that has not been superseded or modified. References herein to the term "Registration Statement" without reference to a time means the Registration Statement as of 11:00 A.M., New York City time, on the date of this agreement (which date and time is the earlier of the date and time of (x) the first use of the preliminary prospectus supplement relating to the Bonds and (y) the first contract of sale of the Bonds), which time shall be considered the "Effective Date" of the Registration Statement. For purposes of the definitions of "Registration Statement" in the preceding two sentences, information contained in any prospectus, preliminary prospectus supplement or prospectus supplement that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430B shall be considered to be included in the Registration Statement as of the time specified in Rule 430B. References herein to the term "Pricing Prospectus" shall mean the prospectus forming a part of Registration Statement No. 333-116300, including all Incorporated Documents and any prospectus or prospectus supplement relating to the Bonds deemed to be a part of such registration statement that has not been superseded or modified. For purposes of the definition of "Pricing Prospectus", information contained in a prospectus or prospectus supplement that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430B shall be considered to be included in the Pricing Prospectus as of the time that form of prospectus or prospectus supplement is filed with the Commission pursuant to Rule 424 of the

general rules and regulations of the Securities Act ("Rule 424"). References herein to the term "Prospectus" means the Pricing Prospectus that discloses the public offering price and other final terms of the Bonds and otherwise satisfies Section 10(a) of the Securities Act. The prospectus supplement relating to the Bonds proposed to be filed pursuant to Rule 424 shall be substantially in the form delivered to the Representatives prior to the execution of this agreement. Each of the Underwriters acknowledges that subsequent to the Closing Date, FPL may file a post-effective amendment to the Registration Statement in order to file one or more unqualified opinions of counsel pursuant to Rule 462(d) under the Securities Act.

(b) The Registration Statement at the Effective Date fully complied, and the Prospectus, both at the date and time it is filed with the Commission pursuant to Rule 424 (such date and time, 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; the Registration Statement, at the Effective Date, 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, both 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 (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 Statements of Eligibility on Form T-1, or amendments thereto, filed as exhibits to the Registration Statement (collectively, the "Statements of Eligibility") or to any statements or omissions made in the Registration Statement or the 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) As of the Applicable Time (as defined below), the Pricing Disclosure Package (as defined below), did not contain 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; provided, that the foregoing representations and warranties in this subsection (c) 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, the Pricing Prospectus or any Issuer Free Writing Prospectus (as defined

below), or to any statements in or omissions from the Statements of Eligibility or to any statements or omissions made in the Registration Statement, the Pricing Prospectus or any Issuer Free Writing Prospectus relating to the DTC Book-Entry-Only System that are based solely on information contained in published reports of DTC. References to the term "Pricing Disclosure Package" shall mean the documents listed in Schedule III, taken together. References to the term "Issuer Free Writing Prospectus" shall mean an issuer free writing prospectus, as defined in Rule 433 under the Securities Act. References to the term "Free Writing Prospectus" shall mean a free writing prospectus, as defined in Rule 405 under the Securities Act. References to the term "Applicable Time" means 4:20 P.M. on the date hereof. If there occurs an event or development as a result of which the Pricing Disclosure Package would include an untrue statement of a material fact or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, FPL promptly will notify the Representatives so that any use of the Pricing Disclosure Package may cease until it is amended or supplemented.

(d) As of the Applicable Time, no Issuer Free Writing Prospectus includes any information that conflicts with the information contained in the Registration Statement, the Prospectus or the Pricing Prospectus, including any document incorporated by reference therein that has not been superseded or modified.

(e) The financial statements included as part of or incorporated by reference in the Registration Statement present fairly the consolidated financial condition and results of operations of FPL and its subsidiaries taken as a whole 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 of FPL, is an independent registered public accounting firm as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder.

(f) Except as reflected in or contemplated by the Pricing Disclosure Package, since the respective most recent times as of which information is given in the Pricing Disclosure Package, there has not been any material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole, whether or not in the ordinary course of business, nor has any transaction been entered into by FPL or any of its subsidiaries that is material to FPL and its subsidiaries taken as a whole, other than changes and transactions contemplated by the Pricing Disclosure Package, and transactions in the ordinary course of business. FPL and its subsidiaries have no contingent obligation material to FPL and its subsidiaries taken as a whole, which is not disclosed in or contemplated by the Pricing Disclosure Package.

(g) The execution and delivery of this agreement and the consummation of the transactions herein contemplated by FPL 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 against 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.

(h) The execution and delivery of this agreement and the consummation of the transactions herein contemplated by FPL 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 or by-laws, or any indenture, mortgage, deed of trust or other agreement or instrument to which FPL or any of its subsidiaries is now a party, or violate any law or any order, rule, decree or regulation applicable to FPL or any of its subsidiaries of any federal or state court, regulatory board or body or administrative agency having jurisdiction over FPL or its subsidiaries or any of their respective property, except where such breach, default or violation would not have a material adverse effect on the business, properties or financial condition of FPL and its subsidiaries taken as a whole.

(i) FPL has no direct or indirect significant subsidiaries (as defined in Regulation S-X (17 CFR Part 210)).

(j) FPL has been duly organized, is validly existing and is in good standing under the laws of its jurisdiction of organization, and is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership of properties or the conduct of its businesses requires such qualification, except where the failure so to qualify would not have a material adverse effect on the business, properties or financial condition of FPL, and has the power and authority as a corporation necessary to own or hold its properties and to conduct the businesses in which it is engaged.

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

(l) 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 price for those Bonds set forth in Schedule I hereto as the Purchase Price.

The Underwriters agree to make a *bona fide* public offering of the Bonds as set forth in the Pricing Disclosure Package, 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 as the Price to Public and to certain dealers selected by the Representatives at a price which represents a concession not in excess of the percentage of the principal amount per Bond under the Price to Public as set forth in Schedule I hereto as the Dealers' Concession.

Each Underwriter agrees that (i) no information that is presented by it to investors has been or will be inconsistent with the information contained in the Pricing Disclosure Package as it may then be amended or supplemented and (ii) it will make no offer that would constitute a Free Writing Prospectus that is required to be filed by FPL pursuant to Rule 433 under the Securities Act other than an Issuer Free Writing Prospectus in accordance with Section 6(h).

5. Time, Date and Place of Closing, Default of Underwriter. Delivery of the Bonds and payment therefor by wire transfer in federal funds shall be made at 9:00 A.M., New York City time, on the closing date set forth in Schedule I, at the offices of Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10022, 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 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 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 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 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 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 8 and subsections (d) and (f) of Section 6 hereof.

6. Covenants of FPL. FPL agrees with the several Underwriters that:

(a) FPL will timely file the Prospectus with the Commission pursuant to Rule 424 under the Securities Act. FPL has complied and will comply with Rule 433 under the Securities Act in connection with the offering and sale of the Bonds, including applicable provisions in respect of timely filing with the Commission, legending and record-keeping.

(b) FPL will prepare a final term sheet, containing a description of the pricing terms of the Bonds, substantially in the form of Schedule I hereto and approved by the Representatives and will timely file such term sheet with the Commission pursuant to Rule 433 under the Securities Act.

(c) 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.

(d) FPL will pay or cause to be paid all expenses in connection with the (i) preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus and any Issuer Free Writing Prospectus, (ii) issuance and delivery of the Bonds as provided in Section 5 hereof, (iii) preparation, execution, filing and recording of the Supplemental Indenture and (iv) printing and delivery to the Representatives for the

account of the Underwriters, in reasonable quantities, of copies of the Registration Statement, any preliminary prospectus, the Prospectus, and any Issuer Free Writing 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 that if this agreement shall be terminated in accordance with the provisions of Sections 7, 8 or 10 hereof, FPL will pay or cause to be paid the fees and disbursements of Counsel for the Underwriters, whose fees and disbursements the Underwriters agree to pay in any other event, and FPL shall reimburse or cause to be reimbursed the Underwriters for out-of-pocket expenses, reasonably incurred by them in connection with the transaction contemplated by this agreement, not in excess, however, of an aggregate of $5,000 for such out-of-pocket expenses. FPL shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits.

(e) 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 (including an Issuer Free Writing Prospectus) in order to make the Prospectus not misleading in the light of the circumstances when it is delivered to a purchaser, FPL will forthwith at its expense prepare, file with the Commission, if required, and furnish to the Representatives a reasonable number of copies of such supplement or supplements or amendment or amendments to the Prospectus (including an Issuer Free Writing Prospectus) which will supplement or amend the Prospectus so that as supplemented or amended it 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 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.

(f) 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 of counsel not to exceed $5,000 and reasonable disbursements of counsel), 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.

(g) 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.

(h) 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 or any amendment or supplement to the Pricing Disclosure Package without prior notice to the Representatives and to Hunton & Williams 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. FPL has not made any offer relating to the Bonds that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a Free Writing Prospectus required to be filed by FPL with the Commission or retained by FPL under Rule 433 under the Securities Act, other than a pricing term sheet substantially in the form as set forth on Schedule I, and will not make any such offer without prior notice to the Representatives and to Counsel for the Underwriters, or any such offer to which the Representatives shall reasonably object in writing, or which shall be unsatisfactory to Counsel for the Underwriters.

(i) FPL will advise the Representatives promptly of the filing of the Prospectus pursuant to Rule 424, of the filing of any material pursuant to Rule 433 and of any amendment or supplement to the Pricing Disclosure Package 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.

(j) 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 which is subject to the lien of the Mortgage 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 Squire, Sanders & Dempsey L.L.P., counsel to FPL, Thelen Reid & Priest LLP, co-counsel to FPL, and Hunton & Williams LLP, Counsel for the Underwriters, opinions (with a copy for each of the Underwriters) in substantially the form and substance prescribed in Schedules IV, V and VI 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 an independent registered public accounting firm 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. 100, Interim Financial Information, on the unaudited condensed consolidated financial statements of FPL, if any, incorporated by reference in the Prospectus, a reading of the latest available interim unaudited condensed 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 standards of the Public Company Accounting Oversight Board (United States) 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, if any, 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 FPL's common 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 Pricing Disclosure Package, and up to the Closing Date, (i) there shall have been no material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole, except as disclosed in or contemplated by the Pricing Disclosure Package, and (ii) there shall have been no transaction entered into by FPL or any of its subsidiaries that is material to FPL and its subsidiaries taken as a whole, other than transactions disclosed in or contemplated by the Pricing Disclosure Package, 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 (d) and (f) of Section 6 hereof.

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 (d) and (f) of Section 6 hereof.

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 an 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, the Pricing Prospectus, the Prospectus or any Issuer Free Writing 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 any preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus or any amendment or supplement to any thereof, or arising out of, or based upon, statements in or omissions from the Statements of Eligibility; and provided, further, that the indemnity agreement contained in this subsection (a) of Section 9 in respect of any preliminary prospectus, any Issuer Free Writing Prospectus or the Prospectus shall not inure to the benefit of any Underwriter (or of any officer or director of or 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 (1) such Underwriter shall have failed to send or give to such person, at or prior to the entry into the contract of sale of the Bonds with such person (including any new contract required by the disclosure of revised material information subsequent to the original contract), the information contained in the Issuer Free Writing Prospectus or, if material information not contained in either the Pricing Prospectus or the Issuer Free Writing Prospectus is contained in the Prospectus and the Underwriter is so advised upon preparation of the Prospectus, a copy of the Prospectus (as then amended or supplemented if FPL shall have furnished any amendments or supplements thereto) and (2) the Issuer Free Writing Prospectus or Prospectus (as then amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability. 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, or any such officer, director or 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 officer, director or controlling person in connection with the issuance and sale of the Bonds.

(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 an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing 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 any preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus or any amendment or supplement thereof. The

Underwriters hereby furnish to FPL in writing expressly for use in the preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus and any Issuer Free Writing Prospectus: (1) the "price to public" set forth on the cover page of the Prospectus and on the Pricing Term Sheet attached hereto as Schedule I and the "underwriting discount" set forth on the cover page of the Prospectus and (2) under "Underwriting" in the preliminary prospectus, dated the date of this Agreement, the Pricing Prospectus and the Prospectus: the fourth sentence of the second paragraph, the entire third paragraph, except for the first sentence, and the following table; the entire fourth paragraph; the second sentence in the fifth paragraph; and the entire sixth, seventh, eighth and ninth paragraphs. Lazard Capital Markets LLC hereby furnishes to FPL in writing expressly for use in the preliminary prospectus, the Registration Statement, the Pricing Prospectus and the Prospectus the information set forth in the twelfth paragraph under "Underwriting." FPL acknowledges that the statements set forth in the two preceding sentences constitute the only information furnished in writing by or on behalf of the several Underwriters expressly for inclusion in any preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing 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. 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 each of 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 or parties shall elect not to assume the defense of such action, such indemnifying party or parties 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 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 each of 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 is to the total principal amount of the Bonds 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 Pricing Disclosure Package for the Underwriters to enforce contracts for the sale of the Bonds; 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 or any securities of FPL which are of the same class as the Bonds by either Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a division of The 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 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 Pricing Disclosure Package or 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 the Prospectus or any Issuer Free Writing Prospectus prepared and furnished by FPL after the date hereof reflects a material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole 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 10 shall be without liability of any party to any other party except as otherwise provided in subsections (d) and (f) of Section 6 hereof.

11. Miscellaneous.

(a) The validity and interpretation of this agreement shall be governed by the laws of the State of New York without regard to conflicts of law principles thereunder.

This agreement shall inure to the benefit of, and be binding upon, 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.

(b) FPL acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm's length contractual counterparty to FPL with respect to the offering of the Bonds as contemplated by this agreement and not as a financial advisor or a fiduciary to FPL.

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

13. Counterparts. This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

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: Robert S. Schauer
Title: Assistant Treasurer

Accepted and delivered as of
the date first above written:

Banc of America Securities LLC

By: _____
Name:
Title:

Lehman Brothers 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:
Title:

Accepted and delivered as of
the date first above written:

Banc of America Securities LLC

By: _____
Name: Lily Chang
Title: Principal

Lehman Brothers 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:
Title:

Accepted and delivered as of
the date first above written:

Banc of America Securities LLC

By: _____
Name:
Title:

Lehman Brothers Inc.

By: _____
Name:
Title:

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

SCHEDULE I

FLORIDA POWER & LIGHT COMPANY

Pricing Term Sheet

January 11, 2006

Issuer: Florida Power & Light Company

Underwriting Agreement dated January 11, 2006
Registration Statement Nos. 333-116300, 333-116300-01 and 333-116300-02
Representatives:
Banc of America Securities LLC
Lehman Brothers Inc.

Bonds:

Designation:	First Mortgage Bonds, 5.65% Series due February 1, 2037
Principal Amount:	$400,000,000
Date of Maturity:	February 1, 2037
Coupon Rate:	5.65%
Price to Public:	99.288% of the principal amount thereof
Treasury Benchmark:	5.375% due February 15, 2031
Benchmark Price:	$110-27
Benchmark Yield:	4.639%
Spread to Benchmark Treasury:	106.0 basis points
Reoffer Yield:	5.699%
Purchase Price:	$397,152,000
Proceeds to FPL (before expenses):	$393,652,000
Closing Date:	January 18, 2006

Expected Credit Ratings*:

Moody's Investor Service, Inc.	"Aa3" (negative outlook)
Standard & Poor's Ratings Services	"A" (watch negative outlook)
Fitch Ratings	"AA-" (stable outlook)

Discount Rate Spread Used in Calculating Redemption Make-Whole Premium: 20 basis points

*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.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these

documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Banc of America Securities LLC toll-free 1-800-294-1322 or Lehman Brothers Inc. collect 1-212-526-9664 or you may email a request to dg.prospectus_distribution@bofasecurities.com.

SCHEDULE II

Representatives	**Addresses**
Banc of America Securities LLC	Hearst Tower 214 North Tryon Street Charlotte, North Carolina 28255
Lehman Brothers Inc.	745 Seventh Avenue New York, New York 10019

Underwriter	**Principal Amount of Bonds**
Banc of America Securities LLC	$140,000,000
Lehman Brothers Inc.	140,000,000
Calyon Securities (USA) Inc.	16,000,000
Greenwich Capital Markets, Inc.	16,000,000
Lazard Capital Markets LLC	16,000,000
LaSalle Financial Services, Inc.	16,000,000
Scotia Capital (USA) Inc.	16,000,000
BBVA Securities Inc.	8,000,000
Fortis Securities LLC	8,000,000
HSBC Securities (USA) Inc.	8,000,000
HVB Capital Markets, Inc.	8,000,000
SunTrust Capital Markets, Inc.	8,000,000
Total.....	$400,000,000

SCHEDULE III

PRICING DISCLOSURE PACKAGE

(1) Prospectus, dated August 19, 2004

(2) Preliminary Prospectus Supplement dated January 11, 2006 (which shall be deemed to include the Incorporated Documents)

(3) Issuer Free Writing Prospectuses

(a) Pricing Term Sheet attached as Schedule I hereto

SCHEDULE IV

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

January 18, 2006

Banc of America Securities LLC
Hearst Tower
214 North Tryon Street
Charlotte, North Carolina 28255

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

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 aggregate principal amount of First Mortgage Bonds, 5.65% Series due February 1, 2037 (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 nine indentures supplemental thereto, the latest of which (the "One Hundred Ninth Supplemental Indenture") is dated as of January 1, 2006 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the Underwriting Agreement, dated January 11, 2006, 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 Nos. 333-116300, 333-116300-01 and 333-116300-02 ("Registration Statement No. 333-116300") which was declared effective on August 19, 2004, which registration statement was filed by FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated August 19, 2004 forming a part of the Registration Statement, as supplemented by a preliminary prospectus supplement, subject to completion, dated January 11, 2006 relating to the Bonds, both such prospectus and preliminary prospectus supplement, subject to completion, filed pursuant to Rule 424(b) under the Securities Act ("Rule 424" and references herein to the "Preliminary Prospectus" as of any given date shall

refer to such prospectus, as supplemented by the preliminary prospectus supplement, subject to completion, relating to the Bonds filed pursuant to Rule 424, and as further amended and supplemented to such date, including the Incorporated Documents); (3) the pricing term sheet, dated January 11, 2006 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the prospectus dated August 19, 2004 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated January 11, 2006 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424 (references herein to the "Prospectus" as of any given date shall refer to such prospectus, as supplemented by such prospectus supplement, and as further amended and supplemented to such date, including the Incorporated Documents); (5) the Mortgage; (6) the corporate proceedings with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; (7) 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 (8) 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 2006, 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 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.

IV.

The Bonds are valid and binding obligations of FPL enforceable against it 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.

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 Statements of Eligibility, as to which we express no opinion, the Registration Statement, at the Effective Date, 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 and its subsidiaries taken as a whole.

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 Ninth Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the One Hundred Ninth 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 Eighth Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Ninth Supplemental Indenture.

XII.

Except as stated or referred to in the Prospectus, to our knowledge after due inquiry, there is no material pending legal proceeding to which FPL or any of its subsidiaries is a party or of which property of FPL or any of its subsidiaries 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 its subsidiaries taken as a whole 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, the Preliminary Prospectus, the Prospectus and the Pricing Term Sheet. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its other legal counsel, its independent registered public accounting firm 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 Statements of Eligibility, as to which we express no belief), that (i) the Registration Statement at the Effective Date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading, (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) (except as aforesaid) that the Prospectus at the 424 Date included, or at the date hereof includes, an 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 the 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, Georgia, or New Hampshire, 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 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 (i) 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 and (ii) the State of New Hampshire, we have relied with your consent, upon an opinion of even date herewith addressed to you and us by Orr & Reno, P.A., and our opinion in Paragraph XI as to such Mortgaged and Pledged Property is subject to the qualifications and limitations set forth in those opinions. As to all matters of Florida law, Thelen Reid & Priest LLP and Hunton & Williams LLP 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,

SQUIRE, SANDERS & DEMPSEY L.L.P.

SCHEDULE V

[LETTERHEAD OF THELEN REID & PRIEST LLP]

January 18, 2006

Banc of America Securities LLC
Hearst Tower
214 North Tryon Street
Charlotte, North Carolina 28255

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

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 aggregate principal amount of First Mortgage Bonds, 5.65% Series due February 1, 2037 (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 nine indentures supplemental thereto, the latest of which (the "One Hundred Ninth Supplemental Indenture") is dated as of January 1, 2006 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the Underwriting Agreement, dated January 11, 2006, 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 Nos. 333-116300, 333-116300-01 and 333-116300-02 ("Registration Statement No. 333-116300") which was declared effective on August 19, 2004, which registration statement was filed by FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated August 19, 2004 forming a part of the Registration Statement, as supplemented by a preliminary prospectus supplement, subject to completion, dated January 11, 2006 relating to the Bonds, both such prospectus and preliminary prospectus supplement, subject to completion filed pursuant to Rule 424(b) under the Securities Act ("Rule 424" and references herein to the "Preliminary

Prospectus" as of any given date shall refer to such prospectus, as supplemented by the preliminary prospectus supplement, subject to completion, relating to the Bonds filed pursuant to Rule 424, and as further amended and supplemented to such date, including the Incorporated Documents); (3) the pricing term sheet, dated January 11, 2006 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the prospectus dated August 19, 2004 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated January 11, 2006 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424 (references herein to the "Prospectus" as of any given date shall refer to such prospectus, as supplemented by such prospectus supplement, and as further amended and supplemented to such date, including the Incorporated Documents); (5) the Mortgage; (6) the corporate proceedings with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; (7) 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 (8) 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 2006, 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 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.

II.

The Bonds are valid and binding obligations of FPL enforceable against it 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.

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 Statements of Eligibility, as to which we express no opinion, the Registration Statement, at the Effective Date, 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 and its subsidiaries taken as a whole.

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, the Preliminary Prospectus, the Prospectus and the Pricing Term Sheet. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its other legal counsel, its independent registered public accounting firm 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 Statements of Eligibility, as to which we express no belief), that (i) the Registration Statement at the Effective Date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading, (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) (except as aforesaid) that the Prospectus at the 424 Date included, or at the date hereof includes, an 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 the light of the circumstances under which they were made, not misleading.

This opinion is limited to the laws of the States of New York and Florida and the federal laws of the United States of America. We express no opinion as to 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 Squire, Sanders & Dempsey L.L.P., Miami, Florida. As to all matters of New York law, Squire, Sanders & Dempsey L.L.P. is hereby authorized to rely upon this opinion as though it were rendered to Squire, Sanders & Dempsey L.L.P.

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 VI

[LETTERHEAD OF HUNTON & WILLIAMS LLP]

January 18, 2006

Banc of America Securities LLC
Hearst Tower
214 North Tryon Street
Charlotte, North Carolina 28255

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

as Representatives of the Underwriters
named in Schedule II to the Agreement,
as herein described

Ladies and Gentlemen:

We have acted as counsel for you in connection with your several purchases from Florida Power & Light Company ("FPL") of $400,000,000 aggregate principal amount of First Mortgage Bonds, 5.65% Series due February 1, 2037 (the "Bonds"), issued under FPL's Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, 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 January 11, 2006, between you and FPL (the "Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

In connection with the foregoing, we have examined such documents and satisfied ourselves as to such other matters as we have deemed necessary in order to enable us to express 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 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 Squire, Sanders & Dempsey L.L.P., 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, 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 are valid and binding obligations of FPL enforceable against 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.

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 Statement has become, and is, at the date hereof, effective under the Securities Act of 1933, as amended (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.

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 Statements of Eligibility, as to which we express no opinion, the Registration Statement, as amended or supplemented to the Effective Date, including all Incorporated Documents, 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.

In passing on the form of each of the Registration Statement and the Prospectus, we necessarily assume the correctness and completeness of the statements made or included therein by FPL and take no responsibility therefor, except insofar as such statements relate to us and as set forth in paragraph 3 in Part I hereof. Other than with respect to the opinion expressed in said paragraph 3, 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 and its independent registered public accounting firm 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 Statements of Eligibility, as to which we express no belief), that (i) the Registration Statement at the Effective Date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading, (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) (except as aforesaid) that the Prospectus at the 424 Date included, or at the date hereof includes, an 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 the light of the circumstances under which they were made, not misleading.

This opinion is furnished solely for your use as the Underwriters in connection with the Agreement and the transactions contemplated thereunder, 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, nor is it to be relied upon by any person other than you or for any other purpose without our express written consent. This opinion is expressed as of the date hereof, and we do not assume any obligation to advise you of facts or circumstances that hereafter come to our

attention, or of changes in law that hereafter occur, which could affect the opinion contained herein.

Very truly yours,

HUNTON & WILLIAMS LLP

Exhibit (d)-2

FLORIDA POWER & LIGHT COMPANY

FIRST MORTGAGE BONDS

PURCHASE AGREEMENT

April 19, 2006

To the Representatives named in Schedule I
hereto of the Initial Purchasers
named in Schedule II hereto

Ladies and Gentlemen:

1. Introductory. Florida Power & Light Company, a Florida corporation ("FPL"), proposes to issue and sell to the Initial Purchasers (as defined below) its first mortgage bonds ("First Mortgage Bonds") of the series designation, with the terms and in the principal amount specified in Schedule I hereto (the "Bonds"). FPL hereby confirms its agreement with the several Initial Purchasers as set forth herein.

The term "Initial Purchasers" as used herein shall be deemed to mean the entity or several entities named in Schedule II hereto and any initial purchaser substituted as provided in Section 6 hereof, and the term "Initial Purchaser" shall be deemed to mean one of such Initial Purchasers. 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 "Initial Purchasers" 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 Initial Purchaser to enter into this agreement on behalf of such Initial Purchaser and to act for it in the manner herein provided. All obligations of the Initial Purchasers 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 Initial Purchasers.

2. Description of the Bonds. The Bonds will be a series of 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 (the "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. Terms of Offering. The Bonds will be offered and sold to the Initial Purchasers pursuant to one or more exemptions from the registration requirements under the Securities Act of 1933, as amended (the "Securities Act"). In connection with the offering and resale by the Initial Purchasers of the Bonds in accordance herewith, FPL has prepared a preliminary offering memorandum, subject to completion, dated April 19, 2006 (including the documents incorporated therein by reference as of the date thereof, the "Preliminary Offering Memorandum") and an offering memorandum dated the date hereof (including the documents incorporated therein by reference as of the date hereof, the "Offering Memorandum"), in each case, setting forth or incorporating by reference information regarding FPL and the transaction contemplated by this agreement. For purposes of this agreement, "Pricing Disclosure Package" means the Preliminary Offering Memorandum (as amended or supplemented to the date hereof and including the documents incorporated therein by reference as of the date hereof) together with the Pricing Term Sheet. For purposes of this agreement, "Pricing Term Sheet" shall mean the term sheet attached hereto as Schedule I. FPL confirms that it has authorized the use of the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Offering Memorandum in connection with the offering and resale of the Bonds by the Initial Purchasers in accordance herewith. All references in this agreement to amendments or supplements to the Offering Memorandum shall be deemed to mean and include the filing of any document by FPL with the Securities and Exchange Commission (the "Commission") pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date hereof and prior to the completion of the offering of the Bonds. For purposes of this agreement, "Incorporated Documents" shall mean the documents incorporated by reference into the Preliminary Offering Memorandum and the Offering Memorandum.

Each Initial Purchaser has advised FPL that if such Initial Purchaser makes offers of the Bonds purchased hereunder, the offers will be made on the terms set forth in the Offering Memorandum solely to persons whom such Initial Purchaser reasonably believes to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A") (such persons being referred to herein as the "Eligible Purchasers," and sales to Eligible Purchasers by Initial Purchasers being referred to herein as "Exempt Resales"). If any Initial Purchaser offers the Bonds to Eligible Purchasers, such offers will initially be made at a price set forth on Schedule I. Such prices may be changed by any Initial Purchaser at any time without notice to FPL.

Holders (including subsequent transferees) of the Bonds will have the registration rights set forth in a registration rights agreement (the "Registration Rights Agreement"), to be dated the Closing Date (as defined below) in substantially the form set forth on Schedule VI hereto, for so long as such Bonds constitute "Registrable Bonds" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, FPL will agree to file with the Commission under the circumstances and pursuant to the terms set forth in the Registration Rights Agreement, (i) a registration statement under the Securities Act ("Exchange Offer Registration Statement") relating to additional First Mortgage Bonds, 6.20% Series due June 1, 2036 (such offer to exchange being referred to as the "Exchange Offer") and/or (ii) a shelf registration statement pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement" and, together with the Exchange Offer Registration Statement, the "Registration Statements") relating to the resale by certain holders of the Bonds, and to use its reasonable efforts to cause any of such Registration Statements filed with the Commission to become and

remain effective and usable for the periods specified with respect thereto in the Registration Rights Agreement and to consummate the Exchange Offer.

Upon original issuance thereof, and until such time as the same is no longer required pursuant to the Mortgage with respect thereto, the Bonds shall bear the following legend:

> **This security has not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The holder hereof, by purchasing this security, agrees for the benefit of Florida Power & Light Company (the "Company") that this security may not be resold, pledged or otherwise transferred other than (a)(1) to the Company, (2) to a person whom the seller reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act ("Rule 144A") that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (3) in a transaction entitled to an exemption from registration provided by Rule 144 under the Securities Act (if available) or pursuant to any other available exemption from the registration requirements of, or in a transaction not subject to, the Securities Act or (4) pursuant to an effective registration statement under the Securities Act and (b) in each case in accordance with any applicable securities laws of any state or the United States.**

4. Representations and Warranties of FPL. FPL represents and warrants to the several Initial Purchasers that:

(a) Subject to compliance by the Initial Purchasers with the representations and warranties set forth in Section 8 hereof and, with respect to sales to Eligible Purchasers, compliance by the Initial Purchasers with the provisions of Rule 144A in connection with such sales, it is not necessary in connection with (i) the offer, sale and delivery of the Bonds to the Initial Purchasers by FPL and (ii) the offer, initial resale and delivery of the Bonds by the Initial Purchasers to each Eligible Purchaser in the manner contemplated by this agreement and the Offering Memorandum to register the Bonds under the Securities Act or to qualify the Mortgage under the Trust Indenture Act of 1939, as amended.

(b) The Pricing Disclosure Package, as of the Applicable Time (as defined below), does not and the Offering Memorandum (as amended or supplemented to the date hereof and to the Closing Date including the documents incorporated therein by reference as of such dates), both on the date hereof and on the Closing Date, does not or will not contain 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; 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 Initial Purchaser through the Representatives expressly for use in connection with the preparation of the Pricing Disclosure Package or the Offering Memorandum or to any statements or omissions made in the Pricing Disclosure Package or the Offering Memorandum relating to The Depository Trust Company ("DTC") Book-Entry Only System that are based solely on information contained in published reports of DTC. References to the term "Applicable Time" means 1:25 P.M. on the date hereof. The documents incorporated by reference into the Pricing Disclosure Package and the Offering Memorandum, when filed with the Commission fully complied or will fully comply in all material respects with the applicable provisions of the Exchange Act and the applicable instructions, rules and regulations of the Commission thereunder. If there occurs an event or development as a result of which the Pricing Disclosure Package would include an untrue statement of a material fact or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, FPL promptly will notify the Representatives so that any use of the Pricing Disclosure Package may cease until it is amended or supplemented.

(c) FPL has not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Bonds in a manner that would require the offer and sale of the Bonds to the Initial Purchasers or the offer and initial resale of the Bonds by the Initial Purchasers to Eligible Purchasers in accordance herewith to be registered under the Securities Act.

(d) The Bonds are eligible for resale pursuant to Rule 144A and will not be, at the Closing Date (as hereinafter defined), of the same class as securities of FPL listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system.

(e) None of FPL, its affiliates, as such term is defined in Rule 501(b) under the Securities Act ("Affiliates"), or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom FPL makes no representation) has engaged or will engage, in connection with the offering of the Bonds, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.

(f) The financial statements included as part of or incorporated by reference in the Pricing Disclosure Package and the Offering Memorandum present fairly the consolidated financial condition and results of operations of FPL and its subsidiaries taken as a whole 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 Pricing Disclosure Package and the Offering Memorandum; and Deloitte & Touche LLP, who has audited the audited financial statements of FPL, is an independent registered public accounting firm as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder.

(g) Except as reflected in or contemplated by the Pricing Disclosure Package, since the respective most recent times as of which information is given in the Pricing Disclosure Package, there has not been any material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole, whether or not in the ordinary course of business, nor has any transaction been entered into by FPL or any of its subsidiaries that is material to FPL and its subsidiaries taken as a whole, other than changes and transactions contemplated by the Pricing Disclosure Package, and transactions in the ordinary course of business. FPL and its subsidiaries have no contingent obligation material to FPL and its subsidiaries taken as a whole, which is not disclosed in or contemplated by the Pricing Disclosure Package.

(h) The execution and delivery of this agreement and the Registration Rights Agreement and the consummation of the transactions herein and therein contemplated by FPL and the fulfillment of the terms hereof and thereof 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 against 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.

(i) The execution and delivery of this agreement and the consummation of the transactions herein contemplated by FPL 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 or by-laws, or any indenture, mortgage, deed of trust or other agreement or instrument to which FPL or any of its subsidiaries is now a party, or violate any law or any order, rule, decree or regulation applicable to FPL or any of its subsidiaries of any federal or state court, regulatory board or body or administrative agency having jurisdiction over FPL or its subsidiaries or any of their respective property, except where such breach, default or violation would not have a material adverse effect on the business, properties or financial condition of FPL and its subsidiaries taken as a whole.

(j) FPL has no direct or indirect significant subsidiaries (as defined in Regulation S-X (17 CFR Part 210)).

(k) FPL has been duly organized, is validly existing and is in good standing under the laws of its jurisdiction of organization, and is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership of properties or the conduct of its businesses requires such qualification, except where the failure so to qualify would not have a material adverse effect on the business, properties or financial condition of FPL, and has the power and authority as a corporation necessary to own or hold its properties and to conduct the businesses in which it is engaged.

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

(m) FPL is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5. 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 Initial Purchasers named in Schedule II hereto, severally and not jointly, and the respective Initial Purchasers 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 price for those Bonds set forth in Schedule I hereto as the Initial Offering Price.

The Initial Purchasers have advised FPL that the Bonds will be initially offered to the Eligible Investors at the amount per Bond as set forth in Schedule I hereto as the Offering Price to Investors.

6. Time, Date and Place of Closing, Default of the Initial Purchasers. Delivery of the Bonds and payment therefor by wire transfer in federal funds shall be made at 9:00 A.M., New York City time, on the closing date set forth in Schedule I, at the offices of Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10022, 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 sold to QIBS in reliance on Rule 144A will be issued in the form of one or more global notes in fully registered form. The Bonds shall be delivered to the Representatives for the respective accounts of the Initial Purchasers against payment by the several Initial Purchasers 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 Initial Purchasers, 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 Initial Purchaser shall fail to purchase and pay for the principal amount of the Bonds which such Initial Purchaser 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 Initial Purchasers 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 which such defaulting Initial Purchaser or Initial Purchasers failed to purchase and pay for, up to a principal amount thereof equal to, in the case of each such remaining Initial Purchaser, ten percent (10%) of the aggregate principal amount of the Bonds which are set forth opposite the name of such remaining Initial Purchaser in said Schedule II, and such remaining Initial Purchasers 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 which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase, or (ii) substitute another Initial Purchaser or Initial Purchasers, satisfactory to FPL, to purchase and pay for the remaining

principal amount of the Bonds which the defaulting Initial Purchaser or Initial Purchasers 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 Initial Purchasers notify FPL that they have arranged for the purchase of such Bonds or (ii) FPL notifies the non-defaulting Initial Purchasers that it has arranged for the purchase of such Bonds, the non-defaulting Initial Purchasers 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 Offering Memorandum or in any other documents or arrangements. In the event that neither the non-defaulting Initial Purchasers 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 Initial Purchaser (other than an Initial Purchaser 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 Initial Purchaser has agreed to purchase as provided in Section 5 hereof), except as otherwise provided in Section 10 and subsections (b) and (d) of Section 7 hereof.

7. Covenants of FPL. FPL agrees with the several Initial Purchasers that:

(a) As soon as practicable after the date of this agreement, FPL will deliver to the Initial Purchasers through the Representatives as many copies of the Offering Memorandum as the Representatives may reasonably request.

(b) FPL will pay or cause to be paid all expenses in connection with the (i) preparation of the Pricing Disclosure Package and the Offering Memorandum, (ii) issuance and delivery of the Bonds as provided in Section 6 hereof, (iii) preparation, execution, filing and recording of the Supplemental Indenture and (iv) printing and delivery to the Representatives for the account of the Initial Purchasers, in reasonable quantities, of copies of the Pricing Disclosure Package, the Offering Memorandum 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 Initial Purchasers, except that if this agreement shall be terminated in accordance with the provisions of Sections 9, 10 or 12 hereof, FPL will pay or cause to be paid the fees and disbursements of Hunton & Williams LLP, who are acting as counsel for the several Initial Purchasers ("Counsel for the Initial Purchasers"), whose fees and disbursements the Initial Purchasers agree to pay in any other event, and FPL shall reimburse or cause to be reimbursed the Initial Purchasers for out-of-pocket expenses, reasonably incurred by them in connection with the transaction contemplated by this agreement, not in excess, however, of an aggregate

of $5,000 for such out-of-pocket expenses. FPL shall not in any event be liable to any of the several Initial Purchasers for damages on account of loss of anticipated profits.

(c) 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 Offering Memorandum in order to make the Offering Memorandum not misleading in the 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 such supplement or supplements or amendment or amendments to the Offering Memorandum which will supplement or amend the Offering Memorandum so that as supplemented or amended it 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 when the Offering Memorandum is delivered to a purchaser, not misleading; provided that should such event relate solely to activities of any of the Initial Purchasers, then the Initial Purchasers shall assume the expense of preparing and furnishing copies of any such amendment or supplement. In case any Initial Purchaser is required to deliver an Offering Memorandum 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 Initial Purchaser, a reasonable quantity of a supplemented or amended Offering Memorandum or supplements or amendments to the Offering Memorandum complying with Section 10 of the Securities Act.

(d) At any time within 6 months of the date hereof, 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 United States jurisdictions as the Representatives may designate and will pay or cause to be paid filing fees and expenses (including fees of counsel not to exceed $5,000 and reasonable disbursements of counsel), 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.

(e) Prior to the termination of the offering of the Bonds, FPL will not prepare and distribute any amendment to the Pricing Disclosure Package or any amendment or supplement to the Offering Memorandum without prior notice to the Representatives and to Counsel for the Initial Purchasers, or any such amendment or supplement to which the Representatives shall reasonably object in writing, or which shall be unsatisfactory to Counsel for the Initial Purchasers, and will not make any offering of the Bonds other than to the Initial Purchasers. Each of the Initial Purchasers acknowledges that on or subsequent to the Closing Date, FPL may file a Current Report on Form 8-K with the Commission in connection with the offering and sale of the Bonds and any press release made by FPL in connection therewith.

(f) 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, Georgia and New Hampshire 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 which is subject to the lien of the Mortgage is located.

(g) FPL will not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) that would be integrated with the sale of the Bonds to the Initial Purchasers or pursuant to Exempt Resales in a manner that would require the registration of any such sale of the Bonds under the Securities Act.

(h) Until the expiration of two years after the original issuance of the Bonds, FPL will not, and will cause its Affiliates not to, purchase or agree to purchase or otherwise acquire any Bonds which are "restricted securities" (as such term is defined in Rule 144(a)(3) under the Securities Act), whether as beneficial owner or otherwise (except as agent acting as a securities broker on behalf of and for the account of customers in the ordinary course of business in unsolicited broker's transactions) unless, promptly upon any such purchase, FPL or any Affiliate shall submit such Bonds to the Trustee for cancellation.

8. Initial Purchasers' Representations and Warranties. Each Initial Purchaser, severally and not jointly, represents and warrants to and agrees with FPL, that:

(a) It is a QIB, with such knowledge and experience in financial and business matters as is necessary in order to evaluate the merits and risks of an investment in the Bonds.

(b) It is acting as a principal for its own account in purchasing the Bonds.

(c) It is not acquiring the Bonds with a view to any distribution (as such term is used under the Securities Act) thereof or with any present intention of offering or selling any of the Bonds in a transaction that would violate the Securities Act or the securities or blue sky laws of any state of the United States or any other applicable jurisdiction.

(d) No form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) has been or will be used by it or any of its representatives in connection with the offer and sale of the Bonds pursuant hereto, including, but not limited to, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(e) In connection with Exempt Resales, it will solicit offers to buy the Bonds only from, and will offer to sell the Bonds only to, an Eligible Purchaser that, by accepting the Bonds, will be deemed to have represented and agreed that (x) the Bonds purchased by it may be resold, pledged or otherwise transferred only (i) to FPL, (ii) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an "offshore transaction" (as defined in Rule 902 of Regulation S under the Securities

Act) meeting the requirements of Rule 903 or Rule 904 under the Securities Act, (iv) in a transaction meeting the requirements of Rule 144 under the Securities Act, (v) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel acceptable to FPL) or (vi) pursuant to an effective registration statement and, in each case, in accordance with the applicable securities or blue sky laws of any state of the United States or any other applicable jurisdiction and (y) it will deliver to each person to whom any of the Bonds or any interest therein is transferred a notice substantially to the effect of the foregoing.

(f) It agrees that it will not offer, sell or deliver any of the Bonds in any jurisdiction outside the United States.

Each Initial Purchaser acknowledges that FPL and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 9 hereof, counsel to FPL and Counsel for the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations and warranties and each Initial Purchaser hereby consents to such reliance.

9. Conditions of Initial Purchasers' Obligations to Purchase and Pay for the Bonds. The several obligations of the Initial Purchasers 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 and qualified by materiality shall be true and correct in all respects and the representations and warranties made by FPL herein that are not qualified by materiality shall be true and correct in all material respects as of the Closing Date, in each case 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 order of the Commission directed to the adequacy of any Incorporated Document shall be in effect on the Closing Date; no proceedings for 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 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 Initial Purchasers 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 Squire, Sanders & Dempsey L.L.P., counsel to FPL, Thelen Reid & Priest LLP, counsel to FPL, and Hunton & Williams LLP, Counsel for the Initial Purchasers, opinions (with a copy

for each of the Initial Purchasers) in substantially the form and substance prescribed in Schedules III, IV and V hereto with such changes therein as may be agreed upon by FPL and the Representatives, with the approval of Counsel for the Initial Purchasers.

(e) At the Closing Date, the Representatives shall have received from Deloitte & Touche LLP a letter (with copies thereof for each of the Initial Purchasers) to the effect that (i) they are an independent registered public accounting firm 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 Offering Memorandum 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. 100, Interim Financial Information, on the unaudited condensed consolidated financial statements of FPL, if any, incorporated by reference in the Offering Memorandum, a reading of the latest available interim unaudited condensed 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 standards of the Public Company Accounting Oversight Board (United States) 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 Initial Purchasers' purposes), nothing has come to their attention which caused them to believe that (a) the unaudited condensed consolidated financial statements of FPL, if any, incorporated by reference in the Offering Memorandum (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 Offering Memorandum, 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 Offering Memorandum; (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 FPL's common shareholders' equity, in each case as compared with amounts shown in the most recent consolidated balance sheet incorporated by reference in the Offering Memorandum, except in all instances for changes, increases or decreases which the Offering Memorandum 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 Offering Memorandum 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 Offering Memorandum 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 Offering Memorandum and such other items as the Representatives may reasonably request. For purposes of this subsection (e) only, "Offering Memorandum" shall collectively mean the Preliminary Offering Memorandum and the Offering Memorandum.

(f) Since the respective most recent dates as of which information is given in the Pricing Disclosure Package, and up to the Closing Date, (i) there shall have been no material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole, except as disclosed in or contemplated by the Pricing Disclosure Package, and (ii) there shall have been no transaction entered into by FPL or any of its subsidiaries that is material to FPL and its subsidiaries taken as a whole, other than transactions disclosed in or contemplated by the Pricing Disclosure Package, 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) On the Closing Date, the Company and the Representatives shall have entered into the Registration Rights Agreement.

(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 Initial Purchasers.

In case any of the conditions specified above in this Section 9 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 (b) and (d) of Section 7 hereof.

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

(a) 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 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 either of the conditions specified above in this Section 10 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 (b) and (d) of Section 7 hereof.

11. Indemnification.

(a) FPL agrees to indemnify and hold harmless each Initial Purchaser, each officer and director of each Initial Purchaser and each person who controls any Initial Purchaser 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 Initial Purchaser, 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 an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum, the Pricing Term Sheet or Offering Memorandum, 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 11 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 Initial Purchaser, through the Representatives, expressly for use in connection with the preparation of the Preliminary Offering Memorandum, the Pricing Term Sheet or Offering Memorandum or any amendment or supplement to any thereof; and provided, further, that the indemnity agreement contained in this subsection (a) of Section 11 in respect of the Preliminary Offering Memorandum, the Pricing Term Sheet or Offering Memorandum shall not inure to the benefit of any Initial Purchaser (or of any officer or director of or person controlling such Initial Purchaser) on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of the Bonds to any person to whom such Initial Purchaser furnished a copy of the Preliminary Offering Memorandum or Pricing Term Sheet if (1) material information is incorrect in or omitted from either the Preliminary Offering Memorandum or the Pricing Term Sheet but is corrected in a subsequent offering document prepared by FPL and the Initial Purchaser is notified of such incorrect information or omission as provided in Section 4(b) hereof and is furnished such correcting offering document a reasonable period of time before the Closing Date, but such Initial Purchaser shall have failed to furnish such correcting offering document to such person promptly following the Initial Purchaser's receipt of such correcting offering document and (2) the correcting offering document would have cured the defect giving rise to such loss, claim, damage or liability. The indemnity agreement of FPL contained in this subsection (a) of Section 11 and the representations and warranties of FPL contained in Section 4 hereof shall remain operative and in full force and effect, regardless of any investigation made by or on

behalf of any Initial Purchaser, or any such officer, director or controlling person, and shall survive the delivery of the Bonds. The Initial Purchasers agree promptly to notify FPL, and each other Initial Purchaser, 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.

(b) Each Initial Purchaser, 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 an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum, the Pricing Term Sheet or Offering Memorandum 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 Initial Purchaser, through the Representatives, expressly for use in connection with the preparation of the Preliminary Offering Memorandum, the Pricing Term Sheet or the Offering Memorandum or any amendment or supplement thereof. The Initial Purchasers hereby furnish to FPL in writing expressly for use in the Preliminary Offering Memorandum, the Pricing Term Sheet and the Offering Memorandum: (1) the "Offering Price" set forth on the cover page of the Offering Memorandum and the "Initial Offering Price" set forth on the Pricing Term Sheet attached hereto as Schedule I and (2) under "Plan of Distribution" in the Preliminary Offering Memorandum and the Offering Memorandum: the fourth sentence of the second paragraph, the entire third paragraph; the entire fourth paragraph; the third sentence in the fifth paragraph; and the entire sixth, seventh and eighth paragraphs. FPL acknowledges that the statements set forth in the preceding sentence constitutes the only information furnished in writing by or on behalf of the several Initial Purchasers expressly for inclusion in the Preliminary Offering Memorandum, the Pricing Term Sheet or Offering Memorandum. The indemnity agreement of the respective Initial Purchasers contained in this subsection (b) of Section 11 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 Initial Purchaser 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 each of the several Initial Purchasers 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 11 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 this 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 or parties shall elect not to assume the defense of such action, such indemnifying party or parties 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 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 each of the several Initial Purchasers 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 11, 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 Initial Purchasers 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 Initial Purchasers 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 Initial Purchasers 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 Initial Purchasers 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 Initial Purchaser shall be required to contribute in excess of the amount equal to the excess of (i) the total price at which the Bonds purchased by it were offered to the public, over (ii) the amount of any damages which such Initial Purchaser 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 Initial Purchaser to contribute pursuant to this subsection (d) are several and not joint and shall be in the same proportion as such Initial Purchaser's obligation to underwrite the Bonds is to the total principal amount of the Bonds set forth in Schedule II hereto.

12. 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 Pricing Disclosure Package or for the Initial Purchasers to enforce contracts for the sale of the Bonds; 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 or any securities of FPL which are of the same class as the Bonds by either Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a division of The 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 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 Pricing Disclosure Package or for the Initial Purchasers 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 Pricing Disclosure Package or the Offering Memorandum prepared and furnished by FPL after the date hereof reflects a material adverse change in the business, properties or financial condition of FPL and its subsidiaries taken as a whole 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 12 shall be without liability of any party to any other party except as otherwise provided in subsections (b) and (d) of Section 7 hereof.

13. Miscellaneous.

(a) The validity and interpretation of this agreement shall be governed by the laws of the State of New York without regard to conflicts of law principles thereunder. This agreement shall inure to the benefit of, and be binding upon, FPL, the several Initial Purchasers and, with respect to the provisions of Section 11 hereof, each officer, director or controlling person referred to in said Section 11, 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 Initial Purchasers.

(b) FPL acknowledges and agrees that the Initial Purchasers are acting solely in the capacity of arm's length contractual counterparties to FPL with respect to the offering of the Bonds as contemplated by this agreement and not as financial advisors or fiduciaries to FPL in connection therewith. Additionally, none of the Initial Purchasers is advising FPL as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction in connection with the offering of the Bonds as contemplated by this agreement. Any review by the Initial Purchasers of FPL in connection with the offering of the Bonds contemplated by this agreement and the transactions contemplated by this agreement will not be performed on behalf of FPL.

14. Notices. All communications hereunder shall be in writing or by telegram and, if to the Initial Purchasers, shall be mailed or delivered to the Representatives at the address set forth in Schedule II hereto, 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 by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

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: Robert S. Schauer
Title: Assistant Treasurer

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

Acting on their own behalf and on behalf of the other several Initial Purchasers 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:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name: Pamela Kendall
Title: Director

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

Acting on their own behalf and on behalf of the other several Initial Purchasers 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:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name: Robert Bottamedi
Title: Vice President

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

Acting on their own behalf and on behalf of the other several Initial Purchasers 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:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name: Frank Pinon
Title: Managing Director
Head of U.S. Fixed Income

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

SCHEDULE I

FLORIDA POWER & LIGHT COMPANY

Pricing Term Sheet

April 19, 2006

~~Issuer: Florida Power & Light Company~~
Purchase Agreement dated April 19, 2006
Representatives:
Barclays Capital Inc.
J.P. Morgan Securities Inc.
Scotia Capital (USA) Inc.

Bonds:

Designation:	First Mortgage Bonds, 6.20% Series due June 1, 2036
Principal Amount:	$300,000,000
Date of Maturity:	June 1, 2036
Coupon Rate:	6.20%
Initial Offering Price:	99.975% of the principal amount thereof
Treasury Benchmark:	5.375% due February 2031
Benchmark Price:	101-27
Benchmark Yield:	5.241%
Spread to Benchmark Treasury:	96 basis points
Reoffer Yield:	6.201%
Closing Date:	April 24, 2006
Form:	Rule 144A with registration rights
CUSIP Number:	341081 EW3
Expected Credit Ratings*:	
Moody's Investor Service, Inc.	"Aa3" (negative outlook)
Standard & Poor's Ratings Services	"A" (watch negative outlook)
Fitch Ratings	"AA-" (stable outlook)
Discount Rate Spread Used in Calculating Redemption Make-Whole Premium:	15 basis points

*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.

SCHEDULE II

Representatives	**Addresses**
Barclays Capital Inc.	200 Park Avenue New York, NY 10166
J.P. Morgan Securities Inc.	270 Park Avenue New York, NY 10017 Attention: High Grade Syndicate Desk - 8th floor
Scotia Capital (USA) Inc.	1 Liberty Plaza, 25th Floor 165 Broadway New York, NY 10006

Initial Purchaser	**Principal Amount of Bonds**
Barclays Capital Inc.	$75,000,000
J.P. Morgan Securities Inc.	75,000,000
Scotia Capital (USA) Inc.	75,000,000
BNP Paribas Securities Corp.	12,500,000
BNY Capital Markets, Inc.	12,500,000
LaSalle Financial Services, Inc.	12,500,000
McDonald Investments, Inc.	12,500,000
UBS Securities LLC	12,500,000
Wells Fargo Securities, LLC	12,500,000
Total.....	$300,000,000

SCHEDULE III

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

April 24, 2006

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

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

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
165 Broadway
New York, NY 10006

as Representatives of the Initial Purchasers
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 $300,000,000 aggregate principal amount of First Mortgage Bonds, 6.20% Series due June 1, 2036 (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 ten indentures supplemental thereto, the latest of which (the "One Hundred Tenth Supplemental Indenture") is dated as of April 1, 2006 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the Purchase Agreement, dated April 19, 2006, 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) the Preliminary Offering Memorandum, dated April 19, 2006, relating to the Bonds, (2) the Offering Memorandum, dated April 19, 2006, relating to the Bonds, (3) the Pricing Term Sheet, dated April 19, 2006, substantially in the form set forth in Schedule I to the Agreement, (4) the Registration Rights Agreement, dated April 24, 2006, between FPL and the Initial Purchasers, (5) the Mortgage, (6) the corporate proceedings with respect to the authorization, issuance and sale of the Bonds,

(7) 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 (8) 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 2006, 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 Offering Memorandum; 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 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.

IV.

The Registration Rights Agreement 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, and subject to any principles of public policy limiting the right to enforce the indemnification and contribution provisions contained therein.

V.

The Bonds are valid and binding obligations of FPL enforceable against it 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.

VI.

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.

VII.

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 and its subsidiaries taken as a whole.

VIII.

It is not necessary in connection with (i) the offer, sale and delivery of the Bonds to the Initial Purchasers by FPL and (ii) the offer, initial resale and delivery of the Bonds by the Initial Purchasers (assuming such offer, initial resale and delivery by the Initial Purchasers are made in compliance with the provisions of, and in a manner consistent with the representations of the Initial Purchasers and FPL contained in, the Agreement and in the manner contemplated by the Offering Memorandum) to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Mortgage under the Trust Indenture Act of 1939, as amended, it being understood that we do not express any opinion concerning any sale of the Bonds subsequent to such initial resale thereof by the Initial Purchasers.

IX.

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.

X.

The statements made in the Offering Memorandum under the headings "Description of the Bonds" and "Registered Exchange Offer; Registration Rights," 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.

XI.

The 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 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 Tenth Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the One Hundred Tenth 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 Ninth Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Tenth Supplemental Indenture.

XIII.

Except as stated or referred to in the Offering Memorandum, to our knowledge after due inquiry, there is no material pending legal proceeding to which FPL or any of its subsidiaries is a party or of which property of FPL or any of its subsidiaries 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 its subsidiaries taken as a whole 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 X hereof, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to matters in the Preliminary Offering Memorandum, the Pricing Term Sheet and the Offering Memorandum. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its other legal counsel, its

independent registered public accounting firm 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), that (i) the Offering Memorandum, as of its date or on the date hereof, included or includes an 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 or (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted 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.

We are members of the Florida Bar and do not hold ourselves out as experts on the laws of New York, Georgia, or New Hampshire, 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, including our opinion in Paragraph IV, 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 (i) the State of Georgia, we have relied, with your consent, upon an opinion of even date herewith addressed to you and us by McDaniel & Scott, P.C., Decatur, Georgia and (ii) the State of New Hampshire, we have relied with your consent, upon an opinion of even date herewith addressed to you and us by Orr & Reno, P.A., Concord, New Hampshire and our opinion in Paragraph XII as to such Mortgaged and Pledged Property is subject to the qualifications and limitations set forth in those opinions. As to all matters of Florida law, Thelen Reid & Priest LLP and Hunton & Williams LLP 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,

SQUIRE, SANDERS & DEMPSEY L.L.P.

SCHEDULE IV

[LETTERHEAD OF THELEN REID & PRIEST LLP]

April 24, 2006

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

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

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
165 Broadway
New York, NY 10006

as Representatives of the Initial Purchasers
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 $300,000,000 aggregate principal amount of First Mortgage Bonds, 6.20% Series due June 1, 2036 (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 ten indentures supplemental thereto, the latest of which (the "One Hundred Tenth Supplemental Indenture") is dated as of April 1, 2006 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from FPL to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee"), and (b) in connection with the sale of the Bonds to you in accordance with the Purchase Agreement, dated April 19, 2006, 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) the Preliminary Offering Memorandum, dated April 19, 2006, relating to the Bonds, (2) the Offering Memorandum, dated April 19, 2006, relating to the Bonds, (3) the Pricing Term Sheet, dated April 19, 2006, substantially in the form set forth in Schedule I to the Agreement, (4) the Registration Rights Agreement, dated April 24, 2006, between FPL and the Initial Purchasers, (5) the Mortgage, (6) the corporate proceedings with respect to the authorization, issuance and sale of the Bonds,

(7) 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 (8) 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 2006, 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 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.

II.

The Registration Rights Agreement 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, and subject to any principles of public policy limiting the right to enforce the indemnification and contribution provisions contained therein.

III.

The Bonds are valid and binding obligations of FPL enforceable against it 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.

IV.

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.

V.

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 and its subsidiaries taken as a whole.

VI.

It is not necessary in connection with (i) the offer, sale and delivery of the Bonds to the Initial Purchasers by FPL and (ii) the offer, initial resale and delivery of the Bonds by the Initial Purchasers (assuming such offer, initial resale and delivery by the Initial Purchasers are made in compliance with the provisions of, and in a manner consistent with the representations of the Initial Purchasers and FPL contained in, the Agreement and in the manner contemplated by the Offering Memorandum) to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Mortgage under the Trust Indenture Act of 1939, as amended, it being understood that we do not express any opinion concerning any sale of the Bonds subsequent to such initial resale thereof by the Initial Purchasers.

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 Offering Memorandum under the headings "Description of the Bonds" and "Registered Exchange Offer; Registration Rights," 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 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 VIII hereof, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to matters in the Preliminary Offering Memorandum, the Pricing Term Sheet and the Offering Memorandum. We have generally reviewed and discussed such

information with certain officers and employees of FPL, certain of its other legal counsel, its independent registered public accounting firm 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), that (i) the Offering Memorandum, as of its date or on the date hereof, included or includes an 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 or (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted 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.

This opinion is limited to the laws of the States of New York and Florida and the federal laws of the United States of America. We express no opinion as to 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 Squire, Sanders & Dempsey L.L.P., Miami, Florida. As to all matters of New York law, Squire, Sanders & Dempsey L.L.P. is hereby authorized to rely upon this opinion as though it were rendered to Squire, Sanders & Dempsey L.L.P.

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 LLP]

April 24, 2006

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

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

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
165 Broadway
New York, NY 10006

as Representatives of the Initial Purchasers
named in Schedule II to the Agreement,
as herein described

Ladies and Gentlemen:

We have acted as counsel for you in connection with your several purchases from Florida Power & Light Company ("FPL") of $300,000,000 aggregate principal amount of First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Bonds"), issued under FPL's Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas, 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 Purchase Agreement, dated April 19, 2006, between you and FPL (the "Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

In connection with the foregoing, we have examined such documents and satisfied ourselves as to such other matters as we have deemed necessary in order to enable us to express 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 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 9(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 Squire, Sanders & Dempsey L.L.P., 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, 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 are valid and binding obligations of FPL enforceable against it 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.

3. It is not necessary in connection with (i) the offer, sale and delivery of the Bonds to the Initial Purchasers by FPL and (ii) the offer, initial resale and delivery of the Bonds by the Initial Purchasers (assuming such offer, initial resale and delivery by the Initial Purchasers are made in compliance with the provisions of, and in a manner consistent with the representations of the Initial Purchasers and FPL contained in, the Agreement and in the manner contemplated by the Offering Memorandum) to register the Bonds under the Securities Act or to qualify the Mortgage under the Trust Indenture Act of 1939, as amended, it being understood that we do not express any opinion concerning any sale of the Bonds subsequent to the initial resale thereof by the Initial Purchasers.

4. The statements made in the Offering Memorandum under the headings "Description of the Bonds" and "Registered Exchange Offer; Registration Rights," 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.

5. The Agreement has been duly and validly authorized, executed and delivered by FPL.

6. The Registration Rights Agreement 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, and subject to any principles of public policy limiting the right to enforce the indemnification and contribution provisions contained therein.

II.

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.

In passing on the form of Incorporated Documents, we necessarily assume the correctness and completeness of the statements made or included therein by FPL and take no responsibility therefor, except insofar as such statements relate to us and as set forth in paragraph 4 in Part I hereof. Other than with respect to the opinion expressed in said paragraph 4, we have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to matters in the Preliminary Offering Memorandum, the Pricing Term Sheet and the Offering Memorandum. We have generally reviewed and discussed such information with certain officers and employees of FPL, certain of its legal counsel and its independent registered public accounting firm 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), that (i) the Offering Memorandum, as of its date or on the date hereof, included or includes an 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 or (ii) the Pricing Disclosure Package, at the Applicable Time, included an untrue statement of a material fact or omitted 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.

This opinion is furnished solely for your use as the Initial Purchasers in connection with the Agreement and the transactions contemplated thereunder, 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, nor is it to be relied upon by any person other than you or for any other purpose

without our express written consent. This opinion is expressed as of the date hereof, and we do not assume any obligation to advise you of facts or circumstances that hereafter come to our attention, or of changes in law that hereafter occur, which could affect the opinion contained herein.

Very truly yours,

HUNTON & WILLIAMS LLP

SCHEDULE VI

[REGISTRATION RIGHTS AGREEMENT]

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement"), dated April 24, 2006, is made between Florida Power & Light Company, a Florida corporation (the "Company"), and Barclays Capital Inc., J.P. Morgan Securities Inc. and Scotia Capital (USA) Inc., as representatives of the Initial Purchasers (as defined herein).

This Agreement is made pursuant to the Purchase Agreement, dated April 19, 2006 (the "Purchase Agreement"), between the Company, as issuer, and the Initial Purchasers, which provides for the sale by the Company to the Initial Purchasers of $300,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Bonds"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Additional Interest" shall have the meaning set forth in Section 2(e) hereof.

"Additional Interest Rate" shall have the meaning set forth in Section 2(e) hereof.

"Advice" shall have the meaning set forth in the last paragraph of Section 3 hereof.

"Affiliate" has the meaning given to that term in Rule 405 under the Securities Act or any successor rule thereunder.

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Applicable Holders" shall have the meaning set forth in Section 7(c) hereof.

"Applicable Period" shall have the meaning set forth in Section 3(u)(A) hereof.

"Bonds" shall have the meaning set forth in the preamble to this Agreement.

"Business Day" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which banks in The City of New York are authorized or required by law or executive order to remain closed or (iii) a day on which the Trustee's principal corporate trust office is closed for business.

"Company" shall have the meaning set forth in the preamble to this Agreement.

"Controlling Person" shall have the meaning set forth in Section 4(a) hereof.

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in The City of New York.

"Effectiveness Period" shall have the meaning set forth in Section 2(b) hereof.

"Eligible Holder" shall have the meaning set forth in Section 2(a) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Exchange Bonds" shall mean the Company's First Mortgage Bonds, 6.20% Series due June 1, 2036 containing terms substantially identical in all material respects to the Bonds (except that the Exchange Bonds will not contain registration rights or terms with respect to transfer restrictions under the Securities Act and will not provide for any Additional Interest to be payable with respect thereto).

"Exchange Offer" shall mean the offer by the Company to the Holders to exchange the Registrable Bonds held by each such Holder for a like principal amount of Exchange Bonds pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the Securities Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer Registration Statement on Form S-4 under the Securities Act (or, if applicable, on another appropriate form).

"Exchange Period" shall have the meaning set forth in Section 2(a) hereof.

"Holders" shall mean the Initial Purchasers, for so long as they own beneficial interests in any Registrable Bonds, and each of their respective successors, assigns and direct and indirect transferees who become registered owners of Registrable Bonds under the Mortgage.

"Indemnified Party" shall have the meaning set forth in Section 4(a) hereof.

"Ineligible Holder" shall have the meaning set forth in Section 2(b) hereof.

"Initial Purchasers" shall mean Barclays Capital Inc., J.P. Morgan Securities Inc., Scotia Capital (USA) Inc., BNP Paribas Securities Corp., BNY Capital Markets, Inc., LaSalle Financial Services, Inc., McDonald Investments, Inc., UBS Securities LLC and Wells Fargo Securities, LLC.

"Inspectors" shall have the meaning set forth in Section 3(o) hereof.

"Issue Date" shall mean April 24, 2006, the date of original issuance of the Bonds.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Bonds.

"Mortgage" shall mean the Company's 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, and The Florida National Bank of Jacksonville (now resigned), as supplemented and amended.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Notice" shall have the meaning set forth in Section 2(a) hereof.

"Participating Broker-Dealer" shall have the meaning set forth in Section 3(u)(A) hereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, limited liability company, or a government or agency or political subdivision thereof or other legal entity.

"Prospectus" shall mean the prospectus relating to the Exchange Bonds or the Registrable Bonds included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Bonds covered by a Shelf Registration Statement, and by all other amendments and supplements to such a prospectus, including post-effective amendments, and in each case including all documents incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Records" shall have the meaning set forth in Section 3(o) hereof.

"Registrable Bonds" shall mean the Bonds; provided, however, that Bonds shall cease to be Registrable Bonds when (i) a Registration Statement with respect to such Bonds shall have become effective under the Securities Act and such Bonds shall have been disposed of pursuant to such Registration Statement, (ii) such Bonds shall have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act, (iii) such Bonds shall have ceased to be outstanding, (iv) such Bonds shall have been exchanged for Exchange Bonds upon consummation of the Exchange Offer and the holder thereof (other than an Affiliate of the Company) could sell the Exchange Bonds without compliance with the prospectus delivery requirements of the Securities Act or (v) the Rule 144(k) Period has expired.

"Registration Default" shall have the meaning set forth in Section 2(e) hereof.

"Registration Expenses" shall mean any and all expenses incident to the performance of or the compliance by the Company with this Agreement, including, without limitation: (i) all SEC or NASD registration and filing fees; (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with U.S. blue sky qualification of any of the Exchange Bonds or Registrable Bonds) and compliance with the rules of the NASD in an amount not exceeding $5,000 in the aggregate, (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any

Prospectus and any amendments or supplements thereto, and in preparing or assisting in preparing, printing and distributing any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements of counsel for the Company and of the independent registered public accounting firm of the Company, including the expenses of any "cold comfort" letters required by or incident to the performance of and compliance with this Agreement, (vi) all fees and expenses of the Trustee, and any paying agent, exchange agent or custodian with respect to the Bonds or the Exchange Bonds, (vii) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Bonds or the Exchange Bonds on any national securities exchange or exchanges and (viii) all reasonable fees and expenses of any special experts retained by the Company in connection with any Registration Statement.

"Registration Statement" shall mean any registration statement of the Company under the Securities Act that covers any of the Exchange Bonds or the Registrable Bonds pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein relating to the Exchange Bonds or the Registrable Bonds, all exhibits thereto and all documents incorporated by reference therein.

"Rule 144(k) Period" shall mean the period of two years (or such shorter period as may hereafter be provided in Rule 144(k) under the Securities Act (or similar successor rule)) commencing on the Issue Date.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" Registration Statement of the Company pursuant to the provisions of Section 2(b) hereof which covers all of the Registrable Bonds (except (a) as described in the final paragraph of Section 2(a) hereof, or (b) Registrable Bonds the Holders of which have elected not to include in such Shelf Registration Statement or the Holders of which have not complied with their obligations under the penultimate paragraph of Section 3 hereof or under the first paragraph of Section 2(b) hereof), on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein relating to the Registrable Bonds, all exhibits thereto and all documents incorporated by reference therein.

"TIA" shall mean the Trust Indenture Act of 1939, as amended.

"Trustee" shall mean Deutsche Bank Trust Company Americas, and any successor thereto, as trustee under the Mortgage.

2. Registration Under the Securities Act.

(a) Exchange Offer.

To the extent not prohibited by any law, regulation or applicable interpretation by the staff of the SEC, the Company shall, for the benefit of the Holders, at the Company's cost, (i) cause to be filed with the SEC an Exchange Offer Registration Statement on an appropriate form under the Securities Act covering the Exchange Offer, (ii) use its reasonable efforts to cause such Exchange Offer Registration Statement to become effective under the Securities Act not later than 330 days after the Issue Date and (iii) promptly offer the Exchange Bonds in exchange for surrender of the Bonds upon the effectiveness of the Exchange Offer Registration Statement, and use its reasonable efforts to consummate the Exchange Offer within 360 days after the Issue Date. It is understood that the objective of such Exchange Offer is to enable each Holder so electing to (x) exchange Registrable Bonds for a like principal amount of Exchange Bonds (assuming that such Holder is not an Affiliate of the Company and is not a broker-dealer tendering Registrable Bonds acquired directly from the Company for its own account, acquires the Exchange Bonds (and acquired the Registrable Bonds) in the ordinary course of such Holder's business and has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Bonds) (any Holder meeting all such requirements, hereinafter an "Eligible Holder"), and (y) transfer such Exchange Bonds from and after their receipt without any limitations or restrictions under the Securities Act and under state securities or blue sky laws of U.S. jurisdictions.

In connection with the Exchange Offer, the Company shall:

(i) deliver or mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents (together, the "Notice");

(ii) use its reasonable efforts to keep the Exchange Offer open for acceptance for a period of not less than 30 days after the date Notice thereof is first mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(iii) utilize the services of the Depositary for the Exchange Offer with respect to Bonds represented by a global certificate;

(iv) permit Holders to withdraw Registrable Bonds tendered for exchange at any time prior to the close of business, New York time, on the last Business Day of the Exchange Period, by sending to the institution specified in the Notice a telegram, telex, facsimile transmission or letter, received before the aforesaid time, setting forth the name of such Holder, the principal amount of Registrable Bonds tendered for exchange, and a statement that such Holder is withdrawing his election to have such Registrable Bonds exchanged;

(v) notify each Holder by means of the Notice that any Bond not tendered by such Holder in the Exchange Offer will remain outstanding and continue to accrue

interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers as provided herein); and

(vi) otherwise comply in all material respects with all applicable laws and regulations relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Company shall:

(i) accept for exchange all Registrable Bonds or principal amount thereof tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the Notice;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Bonds or principal amount thereof so accepted for exchange by the Company; and

(iii) issue, and cause the Trustee to promptly authenticate and deliver to the Depositary (or, if the Exchange Bonds are in certificated form, the applicable Holder), Exchange Bonds equal in principal amount to the principal amount of the Registrable Bonds surrendered for exchange by such Holder.

Interest on each Exchange Bond issued pursuant to the Exchange Offer will accrue from the last date on which interest was paid or duly provided for on the Bond surrendered in exchange therefor or, if no interest has been paid on such Bond, from the Issue Date. To the extent not prohibited by any law, regulation or applicable interpretation by the staff of the SEC, the Company shall use its reasonable efforts to complete the Exchange Offer as provided above. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate any law, regulation or any applicable interpretation by the staff of the SEC and that each Holder tendering Registrable Bonds for exchange shall be an Eligible Holder and those conditions that are customary in similar exchange offers. Each Holder of Registrable Bonds who wishes to exchange such Registrable Bonds (or any principal amount thereof) for Exchange Bonds in the Exchange Offer will be required, as a condition to participating in the Exchange Offer, to make certain customary representations in connection therewith, including representations that (i) it is not an Affiliate of the Company, (ii) it is not a broker-dealer tendering Registrable Bonds acquired directly from the Company, (iii) the Bonds being exchanged, and the Exchange Bonds to be received by it, have been or will be acquired in the ordinary course of its business and (iv) at the time of the Exchange Offer, it has no arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Bonds. Each Holder hereby acknowledges and agrees that any Participating Broker-Dealer and any Holder using the Exchange Offer to participate in a distribution of the Exchange Bonds: (1) could not, under SEC policy as in effect on the date of this Agreement, rely on the position of the SEC enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the SEC's letter to Shearman & Sterling (available July 2, 1993), and similar no-action letters (including any no-action letter obtained based on the representations in clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary

resale transaction should be covered by an effective registration statement containing the selling security holder information required by Items 507 and 508, as applicable, of Regulation S-K, the SEC standard instructions for filing forms under the Securities Act, if the resales are of Exchange Bonds obtained by such Holder in exchange for Bonds acquired by such Holder directly from the Company.

Upon consummation of the Exchange Offer in accordance with this Section 2(a):

(i) any Eligible Holder that failed to participate in such Exchange Offer shall not be entitled to include any of its Registrable Bonds in any Shelf Registration Statement pursuant to this Agreement;

(ii) the provisions of this Agreement (other than those relating to an Exchange Offer Registration) shall continue to apply, mutatis mutandis, with respect solely to Bonds or Exchange Bonds held by the Initial Purchasers and the Participating Broker-Dealers; and

(iii) the Company shall have no further obligation to register any Registrable Bonds pursuant to Section 2(b) of this Agreement (other than pursuant to Sections 2(b)(iii) and (iv)).

(b) Shelf Registration.

In the event that (i) the Company is not permitted to effect the Exchange Offer because of any change in law, regulation or applicable interpretation by the staff of the SEC, (ii) for any reason the Exchange Offer is not consummated on or prior to 360 days after the Issue Date, (iii) any Initial Purchaser so requests with respect to Bonds not eligible to be exchanged for Exchange Bonds in the Exchange Offer, (iv) any Holder (other than a Participating Broker-Dealer) is not permitted by law, regulation or applicable interpretation by the staff of the SEC to participate in the Exchange Offer or, in the case of any Holder (other than a Participating Broker-Dealer) that participates in the Exchange Offer, such Holder does not receive Exchange Bonds on the date of the exchange which such Holder could sell without compliance with the prospectus delivery requirements of the Securities Act, and any such Holder so requests (each Holder of Bonds or Exchange Bonds described in clauses (iii) or (iv) above, an "Ineligible Holder"), or (v) the Company so elects with respect to all or a portion of the Registrable Bonds or Exchange Bonds, the Company shall, for the benefit of the applicable Holders, promptly deliver to the applicable Holders and the Trustee written notice of any of the events set forth in (i) through (v) and, at its cost, use its reasonable efforts to have a Shelf Registration Statement covering continuous resales of the Registrable Bonds or the Exchange Bonds to be covered by such Shelf Registration Statement, as the case may be, become effective within the later of (i) 180 days after being required or requested under (i) through (iv) above to file a Shelf Registration Statement and (ii) 360 days after the Issue Date. No Holder of Registrable Bonds shall be entitled to include any of its Registrable Bonds in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder agrees in writing to be bound by all of the provisions of this Agreement applicable to such Holder and furnishes to the Company in writing, within 15 days after receipt of a request therefor, such information as the Company may, after conferring with counsel with regard to information relating to Holders that would be

required by the SEC to be included in such Shelf Registration Statement or Prospectus included therein, reasonably request for inclusion in any Shelf Registration Statement or Prospectus included therein. Each Holder as to which any Shelf Registration is being effected agrees promptly to furnish to the Company, without request, all information with respect to such Holder necessary to make the information previously furnished to the Company by such Holder not materially misleading.

The Company agrees to use its reasonable efforts to keep the Shelf Registration Statement continuously effective for the Rule 144(k) Period (subject to extension pursuant to the last paragraph of Section 3 hereof) or for such shorter period which will terminate when all of the securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Registrable Bonds (the "Effectiveness Period"). The Company will, in the event a Shelf Registration Statement becomes effective, notify each such Holder when the Shelf Registration has become effective and provide to each Holder of Registrable Bonds or Exchange Bonds covered thereby a reasonable number of copies of the Prospectus relating to the Registrable Bonds or Exchange Bonds which is a part of the Shelf Registration Statement. The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder for shelf registrations, and the Company agrees to furnish to the Holders of Registrable Bonds or Exchange Bonds covered thereby copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) Expenses.

The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or 2(b) hereof and will reimburse the Initial Purchasers for the reasonable fees and disbursements incurred by Hunton & Williams LLP, counsel to the Initial Purchasers, in connection with the Exchange Offer. Except as provided herein, each Holder shall pay all expenses of its counsel, underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Bonds or Exchange Bonds pursuant to the Shelf Registration Statement.

(d) Effective Registration Statement.

An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof (or a combination of the two) will not be deemed to have become effective unless it has been declared effective by the SEC or otherwise becomes effective in accordance with rules promulgated under the Securities Act; provided, however, that if, after it has become effective, the offering of Exchange Bonds pursuant to such Exchange Offer Registration Statement or of Registrable Bonds or Exchange Bonds pursuant to such Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Bonds or Exchange Bonds pursuant to such Registration Statement may legally resume. The Company will be deemed not to have used its reasonable efforts to cause the Exchange Offer Registration Statement or the Shelf Registration

Statement, as the case may be, to become, or to remain, effective during the requisite period if it voluntarily takes any action, or omits to take any action, which action or omission would result in any such Registration Statement not becoming effective or in the Holders of Registrable Bonds or Exchange Bonds covered thereby not being able to exchange or offer and sell such Registrable Bonds or Exchange Bonds, as applicable, during that period unless such action or omission is required by applicable law or except as provided in Section 3(k) hereof.

(e) Additional Interest.

The Company will pay additional cash interest ("Additional Interest"):

(i) on all Bonds if the Exchange Offer Registration Statement has not become effective within 330 days after the Issue Date (unless the Company is not permitted to effect an Exchange Offer because of a change in law, regulation or applicable interpretation by the staff of the SEC);

(ii) on all Bonds if the Exchange Offer is not consummated within 360 days after the Issue Date (unless the Company is not permitted to effect an Exchange Offer as specified in clause (i) above);

(iii) (a) on all Bonds if the Company is not permitted to effect an Exchange Offer (as specified in clause (i) above or (b) on all Bonds or Exchange Bonds held by Ineligible Holders to be covered by a Shelf Registration Statement, if in each case the applicable Shelf Registration Statement has not become effective within the later of (x) 180 days after being requested or required to file a Shelf Registration Statement pursuant to Section 2(b)(iii) or (iv) and (y) 360 days after the Issue Date;

(iv) on all Registrable Bonds if (A) after the Exchange Offer Registration Statement has become effective, such Registration Statement thereafter ceases to be effective or the Prospectus contained in such Exchange Offer Registration Statement ceases to be useable for its intended purpose (1) at any time during the Exchange Period or the Applicable Period, as the case may be, and (2) if such cessation related to corporate developments, public filings with the SEC or similar Company events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such cessation continues for more than 45 days (whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period; or (B) after the Shelf Registration Statement contemplated by clause (iii) above, if any, has become effective, such Registration Statement thereafter ceases to be effective or the Prospectus contained in such Shelf Registration Statement ceases to be usable for resales (1) at any time prior to the earlier of the expiration of the Rule 144(k) Period and the time as of which all Bonds covered by such Registration Statement either have been disposed of under such Registration Statement or otherwise cease to be Registrable Bonds, and (2) if related to corporate developments, public filings with the SEC or similar Company events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such cessation

continues for more than 45 days (whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period; provided, however, that if and to the extent any event specified in (i) through (iv) of this Section 2(e) is attributable to the failure of any Holder of the Bonds or the Exchange Bonds to timely provide required information, such event shall not be considered to be specified in this Section 2(e) (each such event specified in (i) through (v) of this Section 2(e), a "Registration Default").

Additional Interest will accrue on particular Bonds and Exchange Bonds, as the case may be, from and including the date on which any such Registration Default relating to the Bonds or Exchange Bonds shall have occurred to but excluding the date on which all such Registration Defaults relating to such Bonds or Exchange Bonds have been cured, or if earlier, the date on which the Bonds may first be resold in reliance on Rule 144(k) under the Securities Act, at the rate of 0.25% per annum ("Additional Interest Rate"); provided, however, that the Additional Interest Rate may not exceed in the aggregate 0.25% per annum.

Any amounts of Additional Interest due pursuant to this Section 2(e) will be payable in cash on the relevant payment dates for the payment of interest on the Bonds pursuant to the Mortgage, as provided in the supplemental indenture relating to the Bonds or the Exchange Bonds, as the case may be.

Upon the occurrence of a Registration Default, the Company shall promptly notify the Trustee in writing of the occurrence thereof and, prior to the relevant payment days for the payment of interest on the Bonds, shall notify the Trustee in writing of the Additional Interest that shall be due and payable on the Bonds and the Bonds on which such Additional Interest is payable, if less than all the Bonds.

(f) Specific Enforcement.

Without limiting the remedies available to the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Holder may obtain such relief as may be required to specifically enforce the obligations of the Company under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement or Registration Statements as prescribed by Sections 2(a) and 2(b) hereof within the relevant time period specified and on an appropriate form under the Securities Act, which form shall (i) be selected by the Company, (ii) in the case of a Shelf Registration, be available for the sale of the Registrable Bonds covered by the Shelf Registration Statement by the selling Holders thereof and, in the case of an Exchange Offer, be available for the exchange of Registrable Bonds and

(iii) comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein; and use its reasonable efforts to cause such Registration Statement(s) to become effective and remain effective in accordance with Section 2 hereof; provided, however, that if (1) such filing is pursuant to Section 2(b) or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Bonds, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Company shall furnish to and afford the Holders of the Registrable Bonds and each such Participating Broker-Dealer, as the case may be, covered by such Registration Statement, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein (to the extent practicable in light of the Company's obligations with respect to filings with the Commission) and all exhibits thereto) proposed to be filed, if so requested. The Company shall not file any Registration Statement or Prospectus or any amendments or supplements thereto in respect of which the Holders must be afforded an opportunity to review prior to the filing of such document (subject to the Company's obligations as aforesaid) if the Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Registration Statement, their counsel or the managing underwriters, if any, shall reasonably object in a timely manner;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the Effectiveness Period or the Applicable Period, as the case may be, and cause each Prospectus to be supplemented, if so determined by the Company or requested by the SEC, by any required prospectus supplement and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act, and comply with the provisions of the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder applicable to it with respect to the disposition of all securities covered by each Registration Statement during the Effectiveness Period or the Applicable Period, as the case may be, and, in the case of a Shelf Registration Statement, in accordance with the intended method or methods of distribution reasonably requested by the selling Holders thereof described in this Agreement (including sales by any Participating Broker-Dealer);

(c) in the case of an Exchange Offer Registration Statement, if in the reasonable opinion of counsel to the Company there is a question as to whether the Exchange Offer is permitted by applicable law, seek a no-action letter or other favorable decision from the SEC allowing the Company to consummate an Exchange Offer for the Registrable Bonds. The Company hereby agrees to pursue the issuance of such a decision to the SEC staff level but shall not be required to take commercially unreasonable action to effect a change of SEC policy. The Company hereby agrees, however, to (i) participate in telephonic conferences with the SEC, (ii) deliver to the SEC staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (iii) diligently pursue a resolution (which need not be favorable) by the SEC staff of such submission;

(d) in the case of an Exchange Offer Registration Statement, prior to the effectiveness of such Registration Statement, provide a supplemental letter to the SEC (i) stating that the Company is registering the Exchange Bonds in reliance on the position of the SEC enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991), Brown & Wood LLP, (available February 7, 1997) and, if applicable, any no-action letter obtained by the Company and (ii) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the Exchange Bonds to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the Exchange Bonds in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Exchange Bonds received in the Exchange Offer;

(e) in the case of a Shelf Registration, (i) notify each Holder of Registrable Bonds eligible to be included in the Shelf Registration Statement, at least three Business Days prior to filing, that a Shelf Registration Statement with respect to Registrable Bonds is being filed and advise such Holder that the distribution of Registrable Bonds will be made in accordance with the method reasonably requested by the Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Shelf Registration Statement, (ii) furnish to each Holder of Registrable Bonds included in the Shelf Registration Statement and to each underwriter of an underwritten offering of Registrable Bonds, if any, without charge, as many copies of each Prospectus, including each preliminary prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Bonds, (iii) consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Bonds included in the Shelf Registration Statement in connection with the offering and sale of the Registrable Bonds covered by the Prospectus or any amendment or supplement thereto and (iv) furnish to each Holder of Registrable Bonds included in the Shelf Registration Statement either a summary of the terms of this Agreement or a copy of this Agreement (unless this Agreement has been previously filed by the Company with the SEC);

(f) in the case of a Shelf Registration, use its reasonable efforts to register or qualify the Registrable Bonds included in the Shelf Registration Statement under all applicable state securities or blue sky laws of such U.S. jurisdictions, by the time the applicable Registration Statement has become effective, as any Holder of Registrable Bonds covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Bonds shall reasonably request in writing in advance of such date of effectiveness; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(f), (ii) file any general consent to service of process in any jurisdiction where it would not otherwise be subject to such service of process or (iii) file annual reports or comply with any other requirements deemed by it to be unduly burdensome;

(g) (1) in the case of a Shelf Registration or (2) if Participating Broker-Dealers from whom the Company has received prior written notice that they will be utilizing the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(u) hereof, are seeking to sell Exchange Bonds and are required to deliver Prospectuses,

promptly notify each Holder of Registrable Bonds included in the Shelf Registration Statement, or each such Participating Broker-Dealer, as the case may be, their counsel and the managing underwriters, if any, and, if requested by such Holder, promptly confirm such notice in writing (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement or Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the qualification of the Registrable Bonds or the Exchange Bonds to be offered or sold by any Participating Broker-Dealer in any jurisdiction described in Section 3(f) hereof or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of the Shelf Registration Statement and the closing of any sale of Registrable Bonds covered thereby, the representations and warranties of the Company contained in any purchase agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the failure of any event to occur or the discovery of any facts, during the Effectiveness Period or the Applicable Period, as the case may be, which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which causes such Registration Statement or Prospectus to omit to state a material fact necessary in order to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading, as well as any other corporate developments, public filings with the SEC or similar Company events causing such Registration Statement not to be effective or the Prospectus not to be useable for the contemplated resales and (vi) when the Company reasonably determines that a post-effective amendment to the Registration Statement would be appropriate;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Bonds included within the coverage of such Shelf Registration Statement, without charge, at least one conformed copy of each Shelf Registration Statement relating to such Shelf Registration and any post-effective amendment thereto;

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Bonds included in the Shelf Registration Statement to facilitate the timely preparation and delivery of certificates representing Registrable Bonds to be sold and not bearing any restrictive legends (except any customary legend borne by securities held through the Depositary) and in such denominations (consistent with the provisions of the Mortgage) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request (provided that such names are consistent with the names of the selling security holders set forth in the Shelf Registration Statement) at least two Business Days prior to the closing of any sale of Registrable Bonds pursuant to such Shelf Registration Statement;

(k) in the case of a Shelf Registration or an Exchange Offer Registration, upon the occurrence of any circumstance contemplated by Section 3(g)(ii), 3(g)(iv), 3(g)(v) (subject to the 45-day cumulative grace period within any twelve-month period provided for in

Section 2(e)(iv)(A) and Section 2(e)(iv)(B)) or 3(g)(vi) hereof, as promptly as practicable after the occurrence of any such circumstance, use its reasonable efforts to prepare and file a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Bonds covered thereby, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(l) obtain a CUSIP number for the Exchange Bonds which shall be different from the CUSIP number for the Registrable Bonds, no later than the effective date of an Exchange Offer Registration Statement, and provide the Trustee with certificates for the Exchange Bonds or the Registrable Bonds, as the case may be, in a form eligible for deposit with the Depositary;

(m) use its reasonable efforts to cause the Mortgage, if required by the TIA, to be qualified under the TIA in connection with the registration of the Exchange Bonds or Registrable Bonds, as the case may be, and effect such changes to such documents as may be required for them to be so qualified in accordance with the terms of the TIA and execute, and use its reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such documents to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, enter into such agreements (including underwriting agreements) as are customary in underwritten offerings and consistent with the terms of the Purchase Agreement and take all such other appropriate actions as are reasonably requested in order to expedite or facilitate the registration or the disposition of the Registrable Bonds included in the Shelf Registration Statement, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is with respect to an underwritten offering, if requested by (x) any Initial Purchaser, in the case where such Initial Purchaser holds Registrable Bonds acquired by such Initial Purchaser as part of the Initial Purchasers' initial distribution and (y) other Holders of Registrable Bonds covered thereby: (i) make such representations and warranties to Holders of such Registrable Bonds and the underwriters (if any), with respect to the business of the Company and its subsidiaries as then conducted and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made to underwriters in underwritten offerings by the Company, and confirm the same if and when requested; (ii) obtain opinions of counsel to the Company and updates thereof (which may be in the form of a reliance letter) in form and substance reasonably satisfactory to the managing underwriters (if any) and the Holders of a majority in principal amount of the Registrable Bonds being sold, addressed to each selling Holder and the underwriters (if any) covering the matters customarily covered in opinions requested in underwritten offerings of first mortgage bonds by the Company and such other matters as may be reasonably requested by such managing underwriters (it being agreed that the matters to be covered by such opinions may be subject to

customary qualifications and exceptions); (iii) obtain "cold comfort" letters in form and substance reasonably satisfactory to the managing underwriters (if any) from the independent registered public accounting firm of the Company, addressed to each of such underwriters or to their representatives or managing underwriters, if any, with copies for each underwriter, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of first mortgage bonds by the Company in accordance with Statement on Auditing Standards No. 72, and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 4 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Registration Statement and the managing underwriters or agents) with respect to all parties to be indemnified pursuant to said Section (including, without limitation, such underwriters and selling Holders). The above shall be done at each closing under such underwriting agreement or, as and to the extent required thereunder and as consistent with the terms of, the Purchase Agreement;

(o) if (1) a Shelf Registration is filed pursuant to Section 2(b) hereof or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Bonds during the Applicable Period, make reasonably available for inspection by any selling Holder of such Registrable Bonds being sold, or each such Participating Broker-Dealer, as applicable, who certifies to the Company that it has a current intention to sell the Registrable Bonds pursuant to the Shelf Registration Statement or the Exchange Bonds pursuant to the Exchange Offer Registration Statement, as the case may be, any underwriter participating in any such disposition of Registrable Bonds, if any, and any attorney, accountant or other agent retained by any such selling Holder or any such Participating Broker-Dealer, as the case may be (collectively, the "Inspectors"), at the offices where normally kept, during the Company' normal business hours, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable the Inspectors to exercise any applicable due diligence responsibilities, and cause the managers, officers, directors and employees of the Company and its subsidiaries to supply all relevant information in each case reasonably requested by any such Inspector in connection with such Registration Statement; provided, however, that the foregoing inspection and information gathering shall be coordinated on behalf of all such parties by the Company-designated Holders' counsel, at the expense of such parties as described in Section 2(c) hereof. Records of the Company and its subsidiaries, which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed to the Inspectors except where (i) the disclosure of such Records is necessary to avoid or correct a material misstatement or omission in such Registration Statement, provided that the Company shall be consulted prior to any such disclosure, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, is required by any applicable law, rule or regulation, or is necessary in connection with any action, suit or proceeding or (iii) the information in such Records has been made available to the public. Each selling Holder of such Registrable Bonds and each such Participating Broker-Dealer will be required to agree in writing that information obtained by it or any Inspector retained by it as a result of such inspections shall be deemed confidential and shall not be used by it or any Inspector retained by it as the basis for any market transactions in the

securities of the Company or any Affiliate of the Company unless and until such is made generally available to the public through no fault of an Inspector, a selling Holder or a Participating Broker-Dealer. Each selling Holder of such Registrable Bonds and each such Participating Broker-Dealer will be required to further agree in writing that it will, upon learning that disclosure of such Records is required by any applicable law, rule or regulation, or is sought in a court of competent jurisdiction, or in connection with any action, suit or proceeding, give notice to the Company and allow the Company at its expense to undertake appropriate action to prevent disclosure of the Records deemed confidential by the Company;

(p) comply in all material respects with all applicable rules and regulations of the SEC so long as any provision of this Agreement shall be applicable and make generally available to its security holders as soon as practicable an earning 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;

(q) upon consummation of an Exchange Offer, if requested by the Trustee, obtain an opinion of counsel to the Company addressed to the Trustee for the benefit of all Holders of Registrable Bonds participating in the Exchange Offer which includes an opinion that (i) the Company has duly authorized, executed and delivered the Exchange Bonds, (ii) each of the Exchange Bonds constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (with customary exceptions) and (iii) the Mortgage has been duly qualified under the TIA, or no such qualification is required by the TIA;

(r) if an Exchange Offer is to be consummated, upon delivery of the Registrable Bonds by Holders to the Company (or to such other Person as directed by the Company), in exchange for the Exchange Bonds, the Company shall mark, or cause to be marked, on such Registrable Bonds delivered by such Holders that such Registrable Bonds are being canceled in exchange for the Exchange Bonds, and in no event shall such Registrable Bonds be marked as paid or otherwise satisfied;

(s) cooperate with each selling Holder of Registrable Bonds covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Bonds covered by a Registration Statement contemplated hereby;

(t) use its reasonable efforts to take all other steps necessary to effect the registration of the Registrable Bonds covered by a Registration Statement contemplated hereby;

(u) (A) in the case of the Exchange Offer Registration Statement (i) (a) indicate in a "Plan of Distribution" section contained in the Prospectus contained in the Exchange Offer Registration Statement that any broker or dealer registered under the Exchange Act who holds Bonds that are Registrable Bonds and that were acquired for its own account as a result of market-making activities or other trading activities (other than Registrable Bonds acquired directly from the Company) (such broker or dealer, a "Participating Broker-Dealer"), may exchange such Bonds pursuant to the Exchange Offer; however, such Participating Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act

and must, therefore, deliver a Prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Bonds received by such Participating Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Participating Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement and (b) include in such "Plan of Distribution" section all other information with respect to such resales by Participating Broker-Dealers that the SEC may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Participating Broker-Dealer or disclose the amount of Exchange Bonds held by any such Participating Broker-Dealer except to the extent required by the SEC as a result of a change in policy announced after the date of this Agreement, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the notice referred to in Section 3(g), without charge, as many copies of the Prospectus included in the Exchange Offer Registration Statement, including any preliminary Prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request (the Company hereby consents to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto by any Person subject to the prospectus delivery requirements of the Securities Act, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Bonds covered by the Prospectus or any amendment or supplement thereto), (iii) use its reasonable efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such Persons must comply with such requirements under the Securities Act and applicable rules and regulations in order to resell the Exchange Bonds; provided, however, that such period shall not be required to exceed 90 days following the consummation of the Exchange Offer (or such longer period if extended pursuant to the last sentence of Section 3 hereof) (the "Applicable Period") and (iv) include in the related letter of transmittal or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

> "If the exchange offeree is a broker-dealer holding Registrable Bonds acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Bonds received in respect of such Registrable Bonds pursuant to the Exchange Offer,"

and (y) a statement to the effect that by a Participating Broker-Dealer making the acknowledgement described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Bonds, the Participating Broker-Dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act; and

(B) in the case of any Exchange Offer Registration Statement, deliver to the Initial Purchasers or to another representative of the Participating Broker-Dealers, if requested by the Initial Purchasers or such other representative of the Participating Broker-Dealers, on behalf of the Participating Broker-Dealers upon consummation of the Exchange Offer (i) an opinion of counsel in form and substance reasonably satisfactory to the Initial Purchasers or such other representative of the Participating Broker-Dealers, covering the

matters customarily covered in opinions requested in connection with Exchange Offer Registration Statements and such other matters as may be reasonably requested (it being agreed that the matters to be covered by such opinion may be subject to customary qualifications and exceptions), (ii) an officer's certificate containing certifications substantially similar to those set forth in the certificate delivered pursuant to Section 9(a) of the Purchase Agreement and such additional certifications as are customarily delivered in a public offering of the Company's first mortgage bonds and (iii) as well as upon the effectiveness of the Exchange Offer Registration Statement, a comfort letter, in each case, in customary form as permitted by Statement on Auditing Standards No. 72. Each of the foregoing shall be consistent with the terms of the Purchase Agreement.

The Company may require each seller of Registrable Bonds as to which any registration is being effected to furnish to the Company such information regarding such seller as may be required by the staff of the SEC to be included in a Registration Statement. The Company may exclude from such registration the Registrable Bonds of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request. The Company shall not have any obligation to register under the Securities Act the Registrable Bonds of a seller who so fails to furnish such information.

In the case of (1) a Shelf Registration Statement or (2) Participating Broker-Dealers who have notified the Company that they will be utilizing the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(u) hereof, are seeking to sell Exchange Bonds and are required to deliver Prospectuses, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g)(ii), 3(g)(iii), 3(g)(iv), 3(g)(v) or 3(g)(vi) hereof, such Holder will forthwith discontinue disposition of Registrable Bonds or Exchange Bonds, as the case may be, pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Bonds or Exchange Bonds, as the case may be, current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Bonds or Exchange Bonds, as the case may be, pursuant to a Registration Statement, the Company shall file and use its reasonable efforts to have declared effective (if an amendment) as soon as practicable an amendment or supplement to the Registration Statement and shall extend the period during which such Registration Statement shall be maintained effective pursuant to Section 2(b) of this Agreement and the Applicable Period, by the number of days in the period from and including the date of the giving of such notice to and including the date when the Company shall have made available to the Holders (x) copies of the supplemented or amended Prospectus necessary to resume such dispositions or (y) the Advice.

4. Indemnification.

(a) In connection with a Shelf Registration Statement, or in connection with any delivery of a Prospectus contained in an Exchange Offer Registration Statement by a

Participating Broker-Dealer who seeks to sell Exchange Bonds, the Company shall indemnify and hold harmless each Holder of Registrable Bonds included within any such Shelf Registration Statement and each Initial Purchaser or Participating Broker-Dealer selling Exchange Bonds, each underwriter if any, who participates in an offering of the Registrable Bonds, their officers and directors and each Person who controls any of such parties within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act ("Controlling Person") 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 shall reimburse each such Initial Purchaser, Holder, Participating Broker-Dealer, underwriter, officer, director or Controlling Person (each, an "Indemnified Party") 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 an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any related Prospectus or any related Issuer Free Writing Prospectus (as that term is defined in Rule 433(h)(1) under the Securities Act) 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 4 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 the Company by any Initial Purchaser or any Holder, underwriter or Participating-Broker Dealer expressly for use in connection with the preparation of the Registration Statement, the related Prospectus or any related Issuer Free Writing Prospectus or any amendment or supplement to any thereof, or arising out of, or based upon, statements in or omissions from the part of the Registration Statement which shall constitute the Statement of Eligibility of the Trustee under the TIA; and provided, further, that the indemnity agreement contained in this subsection (a) of Section 4 with respect to the related Prospectus or any Issuer Free Writing Prospectus shall not inure to the benefit of any Initial Purchaser, Holder, Participating Broker-Dealer or underwriter, or any officer, director or Controlling Person thereof, on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of Registrable Bonds to any Person if (1) material information is incorrect in or omitted from either the Prospectus or any Issuer Free Writing Prospectus but is corrected in an amendment or supplement to the Prospectus or in an Issuer Free Writing Prospectus and such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer is notified of such incorrect information or omission and is furnished such correcting amendment or supplement to the Prospectus or such Issuer Free Writing Prospectus within a reasonable period of time, but such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer shall have failed to furnish such correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus promptly following the receipt by such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer of such correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus and (2) the correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus would have cured the defect giving rise to such loss, claim, damage or liability. The indemnity agreement of the Company contained in this subsection (a) of Section 4 shall remain operative and in full force and effect regardless of any investigation made by or on

behalf of any Initial Purchaser, Holder, Participating Broker-Dealer, underwriter, director, officer or Controlling Person, and shall survive the registration of the Registrable Bonds. The Initial Purchasers and each Holder, Participating Broker-Dealer and underwriter agree promptly to notify the Company, and each other Indemnified Party, 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 Registrable Bonds or the Exchange Bonds.

(b) Each Initial Purchaser, Holder, underwriter and Participating Broker-Dealer shall indemnify and hold harmless the Company, its officers and directors and Controlling Persons, 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 shall 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 (1) an untrue statement or alleged untrue statement of a material fact contained in a Registration Statement, the related Prospectus or any Issuer Free Writing 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 the Company by or on behalf of such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer, expressly for use in connection with the preparation of a Registration Statement, the related Prospectus or any Issuer Free Writing Prospectus or any amendment or supplement to any thereof or (2) an untrue statement or alleged untrue statement of a material fact contained in any Free Writing Prospectus (as defined in Rule 405 under the Securities Act) that is not an Issuer Free Writing Prospectus distributed by or on behalf of such Initial Purchaser, Holder, Participating Broker-Dealer or underwriter, except to the extent arising from information furnished in writing by the Company expressly for use in connection with such Free Writing Prospectus and otherwise only to the extent that the content of such Free Writing Prospectus that is subject to indemnification is materially inconsistent with the information contained in the Prospectus together with any Issuer Free Writing Prospectus. The indemnity agreement of the respective Initial Purchasers, Holders, Participating Broker-Dealers and underwriters contained in this subsection (b) of Section 4 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or its directors, officers or Controlling Persons, and shall survive the registration of the Registrable Bonds; provided, however, that, no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Bonds pursuant to a Shelf Registration Statement. The Company agrees promptly to notify the Initial Purchasers, Holders, Participating Broker-Dealers and underwriters, if any, of the commencement of any litigation or proceedings against the Company (or any Controlling Person) or any of its officers or directors in connection with the issuance and sale of the Registrable Bonds or the Exchange Bonds.

(c) The Company and each of the Initial Purchasers, the Holders, the Participating Broker-Dealers and the underwriters, if any, each agree that, upon the receipt of notice of the commencement of any action against it, its officers or directors or any person controlling it as aforesaid, in respect of which indemnity or contribution may be sought under the provisions of this Section 4, 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 it or they may have to the indemnified party or parties otherwise than on account of this 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 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 or parties 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 or parties, 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 under this Section 4(c) for the fees and expenses of more than one separate counsel representing the indemnified parties who are parties to such action). The Company and the Holders 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 4, unless such settlement, compromise or consent (i) includes an unconditional release of such other parties from all liability arising out of such claim 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 each indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses, (ii) the relative benefits received by the Company on the one hand and the Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, on the other hand from the offering of the Registrable Bonds and/or the Exchange 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 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 such indemnifying party or

the indemnified party and each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and each of the Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers 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 taken account of the equitable consideration referred to above. Notwithstanding the provisions of this subsection (d), no Holder shall be required to contribute in excess of the amount equal to the excess of (i) the net proceeds received by such Holder from the sale of Registrable Bonds by it to Eligible Holders, over (ii) the amount of any damages which such Holder 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 Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, to contribute pursuant to this subsection (d) are several and not joint and shall not exceed the same proportion of all contributions of Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, required hereunder as such Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, Registrable Bonds and/or Exchange Bonds sold pursuant to the Registration Statement is of the total amount of Registrable Bonds and/or Exchange Bonds sold pursuant to the Registration Statement.

5. Participation in Underwritten Registrations.

No Holder may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Bonds on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents reasonably required under the terms of such underwriting arrangements.

6. Selection of Underwriters.

The Holders of Registrable Bonds covered by the Shelf Registration Statement, if any, who desire to do so may sell the securities covered by such Shelf Registration in an underwritten offering, subject to the provisions of Section 3(c) hereof. In any such underwritten offering, the underwriter or underwriters and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Registrable Bonds included in such offering; provided, however, that such underwriters and managers must be reasonably satisfactory to the Company.

7. Miscellaneous.

(a) Rule 144 and Rule 144A. If and for so long as the Company is subject to the reporting requirements of Section 13 or 15 of the Exchange Act and (subject to the final paragraph of Section 2(a) hereof) any Registrable Bonds remain outstanding, the Company will file the reports required to be filed by it under the Securities Act and Section 13(a) or 15(d) of the Exchange Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to file such reports, it will, upon the request of any Holder of Registrable Bonds covered by this Agreement (A) make publicly available such information as is necessary to permit sales

of its securities pursuant to Rule 144 under the Securities Act, (B) deliver such information to prospective purchasers as is necessary to permit sales of its securities pursuant to Rule 144A under the Securities Act and (C) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Bonds without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time, (ii) Rule 144A under the Securities Act, as such rule may be amended from time to time or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Bonds covered by this Agreement, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) No Inconsistent Agreements. The Company has not entered into, and the Company will not on or after the date of this Agreement enter into, any agreement that is inconsistent with, or limits, the rights granted to the Holders of Registrable Bonds in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers of consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Bonds or the holders of at least a majority in aggregate principal amount of the outstanding Exchange Bonds (the "Applicable Holders") covered by this Agreement at such time and affected by such amendment, modification, supplement, waiver or departure; provided that no amendment, modification or supplement or waiver or consent to departure with respect to the provisions of Section 4 hereof shall be effective as against any Applicable Holder without the consent of such Applicable Holder. Notwithstanding the foregoing sentence, (i) this Agreement may be amended, without the consent of any Applicable Holder, by written agreement signed by the Company and the Initial Purchasers, (A) to cure any ambiguity, correct or supplement any provision of this Agreement that may be defective or inconsistent with any other provision of this Agreement or (B) to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with other provisions of this Agreement, and which shall, in the case of both (A) and (B) not adversely affect the interests of the Applicable Holders in any material respect, (ii) without the consent of any Applicable Holder, this Agreement may be amended, modified or supplemented, and waivers and consents to departures from the provisions hereof may be given, by written agreement signed by the Company and the Initial Purchasers to the extent that any such amendment, modification, supplement, waiver or consent is, in their reasonable judgment, necessary or appropriate to comply with applicable law and regulation (including any interpretation by the staff of the SEC) and (iii) to the extent any provision of this Agreement relates to the Initial Purchasers, such provision may be amended, modified or supplemented, and waivers or consents to departures from such provisions may be given, by written agreement signed by the Company and the Initial Purchasers.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, facsimile, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 7(d), which address initially is, with respect to the Initial Purchasers:

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017
Attention: High Grade Syndicate Desk - 8th floor

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
165 Broadway
New York, NY 10006

and (ii) if to the Company, initially at the Company's address:

Attention: Treasurer
700 Universe Boulevard
P.O. Box 14000
Juno Beach, Florida 33408

and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 7(d).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if faxed; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in writing for such purpose.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of the Company and each Initial Purchaser, including, without limitation and without the need for an express assignment, subsequent Applicable Holders; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Bonds in violation of the terms of the Purchase Agreement or the Mortgage. If any transferee of any Holder shall acquire Registrable Bonds, in any manner, whether by operation of law or otherwise, such Registrable Bonds shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Bonds, such Person shall be conclusively deemed to have agreed to be bound by and

to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiary. Each Holder and any Participating Broker-Dealer shall be third party beneficiaries of the agreements made hereunder between the Initial Purchasers and the Company, and the Initial Purchasers shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts by the parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of such counterparts shall together constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS AGREEMENT AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREUNDER, EXCEPT TO THE EXTENT THAT THE LAWS OF ANY OTHER JURISDICTION SHALL BE MANDATORILY APPLICABLE.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Securities Held by the Company or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Bonds is required hereunder, Registrable Bonds held by the Company or its Affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and the Initial Purchasers relating to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties hereto with respect to this subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Very truly yours,

Florida Power & Light Company

By: _____
Name: Robert S. Schauer
Title: Assistant Treasurer

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name: Pamela Kendall
Title: Director

J.P. Morgan Securities Inc.

By: _____
Name: Robert Bottamedi
Title: Vice President

Scotia Capital (USA) Inc.

By: _____
Name: Frank Pinon
Title: Managing Director
Head of U.S. Fixed Income

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

Exhibit (d)-3

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement"), dated April 24, 2006, is made between Florida Power & Light Company, a Florida corporation (the "Company"), and Barclays Capital Inc., J.P. Morgan Securities Inc. and Scotia Capital (USA) Inc., as representatives of the Initial Purchasers (as defined herein).

This Agreement is made pursuant to the Purchase Agreement, dated April 19, 2006 (the "Purchase Agreement"), between the Company, as issuer, and the Initial Purchasers, which provides for the sale by the Company to the Initial Purchasers of $300,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 6.20% Series due June 1, 2036 (the "Bonds"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Additional Interest" shall have the meaning set forth in Section 2(e) hereof.

"Additional Interest Rate" shall have the meaning set forth in Section 2(e) hereof.

"Advice" shall have the meaning set forth in the last paragraph of Section 3 hereof.

"Affiliate" has the meaning given to that term in Rule 405 under the Securities Act or any successor rule thereunder.

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Applicable Holders" shall have the meaning set forth in Section 7(c) hereof.

"Applicable Period" shall have the meaning set forth in Section 3(u)(A) hereof.

"Bonds" shall have the meaning set forth in the preamble to this Agreement.

"Business Day" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which banks in The City of New York are authorized or required by law or executive order to remain closed or (iii) a day on which the Trustee's principal corporate trust office is closed for business.

"Company" shall have the meaning set forth in the preamble to this Agreement.

"Controlling Person" shall have the meaning set forth in Section 4(a) hereof.

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in The City of New York.

"Effectiveness Period" shall have the meaning set forth in Section 2(b) hereof.

"Eligible Holder" shall have the meaning set forth in Section 2(a) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Exchange Bonds" shall mean the Company's First Mortgage Bonds, 6.20% Series due June 1, 2036 containing terms substantially identical in all material respects to the Bonds (except that the Exchange Bonds will not contain registration rights or terms with respect to transfer restrictions under the Securities Act and will not provide for any Additional Interest to be payable with respect thereto).

"Exchange Offer" shall mean the offer by the Company to the Holders to exchange the Registrable Bonds held by each such Holder for a like principal amount of Exchange Bonds pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the Securities Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer Registration Statement on Form S-4 under the Securities Act (or, if applicable, on another appropriate form).

"Exchange Period" shall have the meaning set forth in Section 2(a) hereof.

"Holders" shall mean the Initial Purchasers, for so long as they own beneficial interests in any Registrable Bonds, and each of their respective successors, assigns and direct and indirect transferees who become registered owners of Registrable Bonds under the Mortgage.

"Indemnified Party" shall have the meaning set forth in Section 4(a) hereof.

"Ineligible Holder" shall have the meaning set forth in Section 2(b) hereof.

"Initial Purchasers" shall mean Barclays Capital Inc., J.P. Morgan Securities Inc., Scotia Capital (USA) Inc., BNP Paribas Securities Corp., BNY Capital Markets, Inc., LaSalle Financial Services, Inc., McDonald Investments, Inc., UBS Securities LLC and Wells Fargo Securities, LLC.

"Inspectors" shall have the meaning set forth in Section 3(o) hereof.

"Issue Date" shall mean April 24, 2006, the date of original issuance of the Bonds.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Bonds.

"Mortgage" shall mean the Company's 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, and The Florida National Bank of Jacksonville (now resigned), as supplemented and amended.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Notice" shall have the meaning set forth in Section 2(a) hereof.

"Participating Broker-Dealer" shall have the meaning set forth in Section 3(u)(A) hereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, limited liability company, or a government or agency or political subdivision thereof or other legal entity.

"Prospectus" shall mean the prospectus relating to the Exchange Bonds or the Registrable Bonds included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Bonds covered by a Shelf Registration Statement, and by all other amendments and supplements to such a prospectus, including post-effective amendments, and in each case including all documents incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Records" shall have the meaning set forth in Section 3(o) hereof.

"Registrable Bonds" shall mean the Bonds; provided, however, that Bonds shall cease to be Registrable Bonds when (i) a Registration Statement with respect to such Bonds shall have become effective under the Securities Act and such Bonds shall have been disposed of pursuant to such Registration Statement, (ii) such Bonds shall have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act, (iii) such Bonds shall have ceased to be outstanding, (iv) such Bonds shall have been exchanged for Exchange Bonds upon consummation of the Exchange Offer and the holder thereof (other than an Affiliate of the Company) could sell the Exchange Bonds without compliance with the prospectus delivery requirements of the Securities Act or (v) the Rule 144(k) Period has expired.

"Registration Default" shall have the meaning set forth in Section 2(e) hereof.

"Registration Expenses" shall mean any and all expenses incident to the performance of or the compliance by the Company with this Agreement, including, without limitation: (i) all SEC or NASD registration and filing fees; (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with U.S. blue sky qualification of any of the Exchange Bonds or Registrable Bonds) and compliance with the rules of the NASD in an amount not exceeding $5,000 in the aggregate, (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any

Prospectus and any amendments or supplements thereto, and in preparing or assisting in preparing, printing and distributing any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements of counsel for the Company and of the independent registered public accounting firm of the Company, including the expenses of any "cold comfort" letters required by or incident to the performance of and compliance with this Agreement, (vi) all fees and expenses of the Trustee, and any paying agent, exchange agent or custodian with respect to the Bonds or the Exchange Bonds, (vii) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Bonds or the Exchange Bonds on any national securities exchange or exchanges and (viii) all reasonable fees and expenses of any special experts retained by the Company in connection with any Registration Statement.

"Registration Statement" shall mean any registration statement of the Company under the Securities Act that covers any of the Exchange Bonds or the Registrable Bonds pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein relating to the Exchange Bonds or the Registrable Bonds, all exhibits thereto and all documents incorporated by reference therein.

"Rule 144(k) Period" shall mean the period of two years (or such shorter period as may hereafter be provided in Rule 144(k) under the Securities Act (or similar successor rule)) commencing on the Issue Date.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" Registration Statement of the Company pursuant to the provisions of Section 2(b) hereof which covers all of the Registrable Bonds (except (a) as described in the final paragraph of Section 2(a) hereof, or (b) Registrable Bonds the Holders of which have elected not to include in such Shelf Registration Statement or the Holders of which have not complied with their obligations under the penultimate paragraph of Section 3 hereof or under the first paragraph of Section 2(b) hereof), on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein relating to the Registrable Bonds, all exhibits thereto and all documents incorporated by reference therein.

"TIA" shall mean the Trust Indenture Act of 1939, as amended.

"Trustee" shall mean Deutsche Bank Trust Company Americas, and any successor thereto, as trustee under the Mortgage.

2. Registration Under the Securities Act.

(a) Exchange Offer.

To the extent not prohibited by any law, regulation or applicable interpretation by the staff of the SEC, the Company shall, for the benefit of the Holders, at the Company's cost, (i) cause to be filed with the SEC an Exchange Offer Registration Statement on an appropriate form under the Securities Act covering the Exchange Offer, (ii) use its reasonable efforts to cause such Exchange Offer Registration Statement to become effective under the Securities Act not later than 330 days after the Issue Date and (iii) promptly offer the Exchange Bonds in exchange for surrender of the Bonds upon the effectiveness of the Exchange Offer Registration Statement, and use its reasonable efforts to consummate the Exchange Offer within 360 days after the Issue Date. It is understood that the objective of such Exchange Offer is to enable each Holder so electing to (x) exchange Registrable Bonds for a like principal amount of Exchange Bonds (assuming that such Holder is not an Affiliate of the Company and is not a broker-dealer tendering Registrable Bonds acquired directly from the Company for its own account, acquires the Exchange Bonds (and acquired the Registrable Bonds) in the ordinary course of such Holder's business and has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Bonds) (any Holder meeting all such requirements, hereinafter an "Eligible Holder"), and (y) transfer such Exchange Bonds from and after their receipt without any limitations or restrictions under the Securities Act and under state securities or blue sky laws of U.S. jurisdictions.

In connection with the Exchange Offer, the Company shall:

(i) deliver or mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents (together, the "Notice");

(ii) use its reasonable efforts to keep the Exchange Offer open for acceptance for a period of not less than 30 days after the date Notice thereof is first mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(iii) utilize the services of the Depositary for the Exchange Offer with respect to Bonds represented by a global certificate;

(iv) permit Holders to withdraw Registrable Bonds tendered for exchange at any time prior to the close of business, New York time, on the last Business Day of the Exchange Period, by sending to the institution specified in the Notice a telegram, telex, facsimile transmission or letter, received before the aforesaid time, setting forth the name of such Holder, the principal amount of Registrable Bonds tendered for exchange, and a statement that such Holder is withdrawing his election to have such Registrable Bonds exchanged;

(v) notify each Holder by means of the Notice that any Bond not tendered by such Holder in the Exchange Offer will remain outstanding and continue to accrue

interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers as provided herein); and

(vi) otherwise comply in all material respects with all applicable laws and regulations relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Company shall:

(i) accept for exchange all Registrable Bonds or principal amount thereof tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the Notice;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Bonds or principal amount thereof so accepted for exchange by the Company; and

(iii) issue, and cause the Trustee to promptly authenticate and deliver to the Depositary (or, if the Exchange Bonds are in certificated form, the applicable Holder), Exchange Bonds equal in principal amount to the principal amount of the Registrable Bonds surrendered for exchange by such Holder.

Interest on each Exchange Bond issued pursuant to the Exchange Offer will accrue from the last date on which interest was paid or duly provided for on the Bond surrendered in exchange therefor or, if no interest has been paid on such Bond, from the Issue Date. To the extent not prohibited by any law, regulation or applicable interpretation by the staff of the SEC, the Company shall use its reasonable efforts to complete the Exchange Offer as provided above. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate any law, regulation or any applicable interpretation by the staff of the SEC and that each Holder tendering Registrable Bonds for exchange shall be an Eligible Holder and those conditions that are customary in similar exchange offers. Each Holder of Registrable Bonds who wishes to exchange such Registrable Bonds (or any principal amount thereof) for Exchange Bonds in the Exchange Offer will be required, as a condition to participating in the Exchange Offer, to make certain customary representations in connection therewith, including representations that (i) it is not an Affiliate of the Company, (ii) it is not a broker-dealer tendering Registrable Bonds acquired directly from the Company, (iii) the Bonds being exchanged, and the Exchange Bonds to be received by it, have been or will be acquired in the ordinary course of its business and (iv) at the time of the Exchange Offer, it has no arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Bonds. Each Holder hereby acknowledges and agrees that any Participating Broker-Dealer and any Holder using the Exchange Offer to participate in a distribution of the Exchange Bonds: (1) could not, under SEC policy as in effect on the date of this Agreement, rely on the position of the SEC enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the SEC's letter to Shearman & Sterling (available July 2, 1993), and similar no-action letters (including any no-action letter obtained based on the representations in clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary

resale transaction should be covered by an effective registration statement containing the selling security holder information required by Items 507 and 508, as applicable, of Regulation S-K, the SEC standard instructions for filing forms under the Securities Act, if the resales are of Exchange Bonds obtained by such Holder in exchange for Bonds acquired by such Holder directly from the Company.

Upon consummation of the Exchange Offer in accordance with this Section 2(a):

(i) any Eligible Holder that failed to participate in such Exchange Offer shall not be entitled to include any of its Registrable Bonds in any Shelf Registration Statement pursuant to this Agreement;

(ii) the provisions of this Agreement (other than those relating to an Exchange Offer Registration) shall continue to apply, mutatis mutandis, with respect solely to Bonds or Exchange Bonds held by the Initial Purchasers and the Participating Broker-Dealers; and

(iii) the Company shall have no further obligation to register any Registrable Bonds pursuant to Section 2(b) of this Agreement (other than pursuant to Sections 2(b)(iii) and (iv)).

(b) Shelf Registration.

In the event that (i) the Company is not permitted to effect the Exchange Offer because of any change in law, regulation or applicable interpretation by the staff of the SEC, (ii) for any reason the Exchange Offer is not consummated on or prior to 360 days after the Issue Date, (iii) any Initial Purchaser so requests with respect to Bonds not eligible to be exchanged for Exchange Bonds in the Exchange Offer, (iv) any Holder (other than a Participating Broker-Dealer) is not permitted by law, regulation or applicable interpretation by the staff of the SEC to participate in the Exchange Offer or, in the case of any Holder (other than a Participating Broker-Dealer) that participates in the Exchange Offer, such Holder does not receive Exchange Bonds on the date of the exchange which such Holder could sell without compliance with the prospectus delivery requirements of the Securities Act, and any such Holder so requests (each Holder of Bonds or Exchange Bonds described in clauses (iii) or (iv) above, an "Ineligible Holder"), or (v) the Company so elects with respect to all or a portion of the Registrable Bonds or Exchange Bonds, the Company shall, for the benefit of the applicable Holders, promptly deliver to the applicable Holders and the Trustee written notice of any of the events set forth in (i) through (v) and, at its cost, use its reasonable efforts to have a Shelf Registration Statement covering continuous resales of the Registrable Bonds or the Exchange Bonds to be covered by such Shelf Registration Statement, as the case may be, become effective within the later of (i) 180 days after being required or requested under (i) through (iv) above to file a Shelf Registration Statement and (ii) 360 days after the Issue Date. No Holder of Registrable Bonds shall be entitled to include any of its Registrable Bonds in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder agrees in writing to be bound by all of the provisions of this Agreement applicable to such Holder and furnishes to the Company in writing, within 15 days after receipt of a request therefor, such information as the Company may, after conferring with counsel with regard to information relating to Holders that would be

required by the SEC to be included in such Shelf Registration Statement or Prospectus included therein, reasonably request for inclusion in any Shelf Registration Statement or Prospectus included therein. Each Holder as to which any Shelf Registration is being effected agrees promptly to furnish to the Company, without request, all information with respect to such Holder necessary to make the information previously furnished to the Company by such Holder not materially misleading.

The Company agrees to use its reasonable efforts to keep the Shelf Registration Statement continuously effective for the Rule 144(k) Period (subject to extension pursuant to the last paragraph of Section 3 hereof) or for such shorter period which will terminate when all of the securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Registrable Bonds (the "Effectiveness Period"). The Company will, in the event a Shelf Registration Statement becomes effective, notify each such Holder when the Shelf Registration has become effective and provide to each Holder of Registrable Bonds or Exchange Bonds covered thereby a reasonable number of copies of the Prospectus relating to the Registrable Bonds or Exchange Bonds which is a part of the Shelf Registration Statement. The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder for shelf registrations, and the Company agrees to furnish to the Holders of Registrable Bonds or Exchange Bonds covered thereby copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) Expenses.

The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or 2(b) hereof and will reimburse the Initial Purchasers for the reasonable fees and disbursements incurred by Hunton & Williams LLP, counsel to the Initial Purchasers, in connection with the Exchange Offer. Except as provided herein, each Holder shall pay all expenses of its counsel, underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Bonds or Exchange Bonds pursuant to the Shelf Registration Statement.

(d) Effective Registration Statement.

An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof (or a combination of the two) will not be deemed to have become effective unless it has been declared effective by the SEC or otherwise becomes effective in accordance with rules promulgated under the Securities Act; provided, however, that if, after it has become effective, the offering of Exchange Bonds pursuant to such Exchange Offer Registration Statement or of Registrable Bonds or Exchange Bonds pursuant to such Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Bonds or Exchange Bonds pursuant to such Registration Statement may legally resume. The Company will be deemed not to have used its reasonable efforts to cause the Exchange Offer Registration Statement or the Shelf Registration

Statement, as the case may be, to become, or to remain, effective during the requisite period if it voluntarily takes any action, or omits to take any action, which action or omission would result in any such Registration Statement not becoming effective or in the Holders of Registrable Bonds or Exchange Bonds covered thereby not being able to exchange or offer and sell such Registrable Bonds or Exchange Bonds, as applicable, during that period unless such action or omission is required by applicable law or except as provided in Section 3(k) hereof.

(e) Additional Interest.

The Company will pay additional cash interest ("Additional Interest"):

(i) on all Bonds if the Exchange Offer Registration Statement has not become effective within 330 days after the Issue Date (unless the Company is not permitted to effect an Exchange Offer because of a change in law, regulation or applicable interpretation by the staff of the SEC);

(ii) on all Bonds if the Exchange Offer is not consummated within 360 days after the Issue Date (unless the Company is not permitted to effect an Exchange Offer as specified in clause (i) above);

(iii) (a) on all Bonds if the Company is not permitted to effect an Exchange Offer (as specified in clause (i) above or (b) on all Bonds or Exchange Bonds held by Ineligible Holders to be covered by a Shelf Registration Statement, if in each case the applicable Shelf Registration Statement has not become effective within the later of (x) 180 days after being requested or required to file a Shelf Registration Statement pursuant to Section 2(b)(iii) or (iv) and (y) 360 days after the Issue Date;

(iv) on all Registrable Bonds if (A) after the Exchange Offer Registration Statement has become effective, such Registration Statement thereafter ceases to be effective or the Prospectus contained in such Exchange Offer Registration Statement ceases to be useable for its intended purpose (1) at any time during the Exchange Period or the Applicable Period, as the case may be, and (2) if such cessation related to corporate developments, public filings with the SEC or similar Company events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such cessation continues for more than 45 days (whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period; or (B) after the Shelf Registration Statement contemplated by clause (iii) above, if any, has become effective, such Registration Statement thereafter ceases to be effective or the Prospectus contained in such Shelf Registration Statement ceases to be usable for resales (1) at any time prior to the earlier of the expiration of the Rule 144(k) Period and the time as of which all Bonds covered by such Registration Statement either have been disposed of under such Registration Statement or otherwise cease to be Registrable Bonds, and (2) if related to corporate developments, public filings with the SEC or similar Company events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such cessation

continues for more than 45 days (whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period; provided, however, that if and to the extent any event specified in (i) through (iv) of this Section 2(e) is attributable to the failure of any Holder of the Bonds or the Exchange Bonds to timely provide required information, such event shall not be considered to be specified in this Section 2(e) (each such event specified in (i) through (v) of this Section 2(e), a "Registration Default").

Additional Interest will accrue on particular Bonds and Exchange Bonds, as the case may be, from and including the date on which any such Registration Default relating to the Bonds or Exchange Bonds shall have occurred to but excluding the date on which all such Registration Defaults relating to such Bonds or Exchange Bonds have been cured, or if earlier, the date on which the Bonds may first be resold in reliance on Rule 144(k) under the Securities Act, at the rate of 0.25% per annum ("Additional Interest Rate"); provided, however, that the Additional Interest Rate may not exceed in the aggregate 0.25% per annum.

Any amounts of Additional Interest due pursuant to this Section 2(e) will be payable in cash on the relevant payment dates for the payment of interest on the Bonds pursuant to the Mortgage, as provided in the supplemental indenture relating to the Bonds or the Exchange Bonds, as the case may be.

Upon the occurrence of a Registration Default, the Company shall promptly notify the Trustee in writing of the occurrence thereof and, prior to the relevant payment days for the payment of interest on the Bonds, shall notify the Trustee in writing of the Additional Interest that shall be due and payable on the Bonds and the Bonds on which such Additional Interest is payable, if less than all the Bonds.

(f) Specific Enforcement.

Without limiting the remedies available to the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Holder may obtain such relief as may be required to specifically enforce the obligations of the Company under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement or Registration Statements as prescribed by Sections 2(a) and 2(b) hereof within the relevant time period specified and on an appropriate form under the Securities Act, which form shall (i) be selected by the Company, (ii) in the case of a Shelf Registration, be available for the sale of the Registrable Bonds covered by the Shelf Registration Statement by the selling Holders thereof and, in the case of an Exchange Offer, be available for the exchange of Registrable Bonds and

(iii) comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein; and use its reasonable efforts to cause such Registration Statement(s) to become effective and remain effective in accordance with Section 2 hereof; provided, however, that if (1) such filing is pursuant to Section 2(b) or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Bonds, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Company shall furnish to and afford the Holders of the Registrable Bonds and each such Participating Broker-Dealer, as the case may be, covered by such Registration Statement, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein (to the extent practicable in light of the Company's obligations with respect to filings with the Commission) and all exhibits thereto) proposed to be filed, if so requested. The Company shall not file any Registration Statement or Prospectus or any amendments or supplements thereto in respect of which the Holders must be afforded an opportunity to review prior to the filing of such document (subject to the Company's obligations as aforesaid) if the Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Registration Statement, their counsel or the managing underwriters, if any, shall reasonably object in a timely manner;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the Effectiveness Period or the Applicable Period, as the case may be, and cause each Prospectus to be supplemented, if so determined by the Company or requested by the SEC, by any required prospectus supplement and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act, and comply with the provisions of the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder applicable to it with respect to the disposition of all securities covered by each Registration Statement during the Effectiveness Period or the Applicable Period, as the case may be, and, in the case of a Shelf Registration Statement, in accordance with the intended method or methods of distribution reasonably requested by the selling Holders thereof described in this Agreement (including sales by any Participating Broker-Dealer);

(c) in the case of an Exchange Offer Registration Statement, if in the reasonable opinion of counsel to the Company there is a question as to whether the Exchange Offer is permitted by applicable law, seek a no-action letter or other favorable decision from the SEC allowing the Company to consummate an Exchange Offer for the Registrable Bonds. The Company hereby agrees to pursue the issuance of such a decision to the SEC staff level but shall not be required to take commercially unreasonable action to effect a change of SEC policy. The Company hereby agrees, however, to (i) participate in telephonic conferences with the SEC, (ii) deliver to the SEC staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (iii) diligently pursue a resolution (which need not be favorable) by the SEC staff of such submission;

(d) in the case of an Exchange Offer Registration Statement, prior to the effectiveness of such Registration Statement, provide a supplemental letter to the SEC (i) stating that the Company is registering the Exchange Bonds in reliance on the position of the SEC enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991), Brown & Wood LLP, (available February 7, 1997) and, if applicable, any no-action letter obtained by the Company and (ii) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the Exchange Bonds to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the Exchange Bonds in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Exchange Bonds received in the Exchange Offer;

(e) in the case of a Shelf Registration, (i) notify each Holder of Registrable Bonds eligible to be included in the Shelf Registration Statement, at least three Business Days prior to filing, that a Shelf Registration Statement with respect to Registrable Bonds is being filed and advise such Holder that the distribution of Registrable Bonds will be made in accordance with the method reasonably requested by the Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Shelf Registration Statement, (ii) furnish to each Holder of Registrable Bonds included in the Shelf Registration Statement and to each underwriter of an underwritten offering of Registrable Bonds, if any, without charge, as many copies of each Prospectus, including each preliminary prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Bonds, (iii) consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Bonds included in the Shelf Registration Statement in connection with the offering and sale of the Registrable Bonds covered by the Prospectus or any amendment or supplement thereto and (iv) furnish to each Holder of Registrable Bonds included in the Shelf Registration Statement either a summary of the terms of this Agreement or a copy of this Agreement (unless this Agreement has been previously filed by the Company with the SEC);

(f) in the case of a Shelf Registration, use its reasonable efforts to register or qualify the Registrable Bonds included in the Shelf Registration Statement under all applicable state securities or blue sky laws of such U.S. jurisdictions, by the time the applicable Registration Statement has become effective, as any Holder of Registrable Bonds covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Bonds shall reasonably request in writing in advance of such date of effectiveness; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(f), (ii) file any general consent to service of process in any jurisdiction where it would not otherwise be subject to such service of process or (iii) file annual reports or comply with any other requirements deemed by it to be unduly burdensome;

(g) (1) in the case of a Shelf Registration or (2) if Participating Broker-Dealers from whom the Company has received prior written notice that they will be utilizing the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(u) hereof, are seeking to sell Exchange Bonds and are required to deliver Prospectuses,

promptly notify each Holder of Registrable Bonds included in the Shelf Registration Statement, or each such Participating Broker-Dealer, as the case may be, their counsel and the managing underwriters, if any, and, if requested by such Holder, promptly confirm such notice in writing (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement or Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the qualification of the Registrable Bonds or the Exchange Bonds to be offered or sold by any Participating Broker-Dealer in any jurisdiction described in Section 3(f) hereof or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of the Shelf Registration Statement and the closing of any sale of Registrable Bonds covered thereby, the representations and warranties of the Company contained in any purchase agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the failure of any event to occur or the discovery of any facts, during the Effectiveness Period or the Applicable Period, as the case may be, which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which causes such Registration Statement or Prospectus to omit to state a material fact necessary in order to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading, as well as any other corporate developments, public filings with the SEC or similar Company events causing such Registration Statement not to be effective or the Prospectus not to be useable for the contemplated resales and (vi) when the Company reasonably determines that a post-effective amendment to the Registration Statement would be appropriate;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Bonds included within the coverage of such Shelf Registration Statement, without charge, at least one conformed copy of each Shelf Registration Statement relating to such Shelf Registration and any post-effective amendment thereto;

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Bonds included in the Shelf Registration Statement to facilitate the timely preparation and delivery of certificates representing Registrable Bonds to be sold and not bearing any restrictive legends (except any customary legend borne by securities held through the Depositary) and in such denominations (consistent with the provisions of the Mortgage) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request (provided that such names are consistent with the names of the selling security holders set forth in the Shelf Registration Statement) at least two Business Days prior to the closing of any sale of Registrable Bonds pursuant to such Shelf Registration Statement;

(k) in the case of a Shelf Registration or an Exchange Offer Registration, upon the occurrence of any circumstance contemplated by Section 3(g)(ii), 3(g)(iv), 3(g)(v) (subject to the 45-day cumulative grace period within any twelve-month period provided for in

Section 2(e)(iv)(A) and Section 2(e)(iv)(B)) or 3(g)(vi) hereof, as promptly as practicable after the occurrence of any such circumstance, use its reasonable efforts to prepare and file a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Bonds covered thereby, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(l) obtain a CUSIP number for the Exchange Bonds which shall be different from the CUSIP number for the Registrable Bonds, no later than the effective date of an Exchange Offer Registration Statement, and provide the Trustee with certificates for the Exchange Bonds or the Registrable Bonds, as the case may be, in a form eligible for deposit with the Depositary;

(m) use its reasonable efforts to cause the Mortgage, if required by the TIA, to be qualified under the TIA in connection with the registration of the Exchange Bonds or Registrable Bonds, as the case may be, and effect such changes to such documents as may be required for them to be so qualified in accordance with the terms of the TIA and execute, and use its reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such documents to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, enter into such agreements (including underwriting agreements) as are customary in underwritten offerings and consistent with the terms of the Purchase Agreement and take all such other appropriate actions as are reasonably requested in order to expedite or facilitate the registration or the disposition of the Registrable Bonds included in the Shelf Registration Statement, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is with respect to an underwritten offering, if requested by (x) any Initial Purchaser, in the case where such Initial Purchaser holds Registrable Bonds acquired by such Initial Purchaser as part of the Initial Purchasers' initial distribution and (y) other Holders of Registrable Bonds covered thereby: (i) make such representations and warranties to Holders of such Registrable Bonds and the underwriters (if any), with respect to the business of the Company and its subsidiaries as then conducted and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made to underwriters in underwritten offerings by the Company, and confirm the same if and when requested; (ii) obtain opinions of counsel to the Company and updates thereof (which may be in the form of a reliance letter) in form and substance reasonably satisfactory to the managing underwriters (if any) and the Holders of a majority in principal amount of the Registrable Bonds being sold, addressed to each selling Holder and the underwriters (if any) covering the matters customarily covered in opinions requested in underwritten offerings of first mortgage bonds by the Company and such other matters as may be reasonably requested by such managing underwriters (it being agreed that the matters to be covered by such opinions may be subject to

customary qualifications and exceptions); (iii) obtain "cold comfort" letters in form and substance reasonably satisfactory to the managing underwriters (if any) from the independent registered public accounting firm of the Company, addressed to each of such underwriters or to their representatives or managing underwriters, if any, with copies for each underwriter, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of first mortgage bonds by the Company in accordance with Statement on Auditing Standards No. 72, and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 4 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate principal amount of Registrable Bonds covered by such Registration Statement and the managing underwriters or agents) with respect to all parties to be indemnified pursuant to said Section (including, without limitation, such underwriters and selling Holders). The above shall be done at each closing under such underwriting agreement or, as and to the extent required thereunder and as consistent with the terms of, the Purchase Agreement;

(o) if (1) a Shelf Registration is filed pursuant to Section 2(b) hereof or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Bonds during the Applicable Period, make reasonably available for inspection by any selling Holder of such Registrable Bonds being sold, or each such Participating Broker-Dealer, as applicable, who certifies to the Company that it has a current intention to sell the Registrable Bonds pursuant to the Shelf Registration Statement or the Exchange Bonds pursuant to the Exchange Offer Registration Statement, as the case may be, any underwriter participating in any such disposition of Registrable Bonds, if any, and any attorney, accountant or other agent retained by any such selling Holder or any such Participating Broker-Dealer, as the case may be (collectively, the "Inspectors"), at the offices where normally kept, during the Company' normal business hours, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable the Inspectors to exercise any applicable due diligence responsibilities, and cause the managers, officers, directors and employees of the Company and its subsidiaries to supply all relevant information in each case reasonably requested by any such Inspector in connection with such Registration Statement; provided, however, that the foregoing inspection and information gathering shall be coordinated on behalf of all such parties by the Company-designated Holders' counsel, at the expense of such parties as described in Section 2(c) hereof. Records of the Company and its subsidiaries, which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed to the Inspectors except where (i) the disclosure of such Records is necessary to avoid or correct a material misstatement or omission in such Registration Statement, provided that the Company shall be consulted prior to any such disclosure, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, is required by any applicable law, rule or regulation, or is necessary in connection with any action, suit or proceeding or (iii) the information in such Records has been made available to the public. Each selling Holder of such Registrable Bonds and each such Participating Broker-Dealer will be required to agree in writing that information obtained by it or any Inspector retained by it as a result of such inspections shall be deemed confidential and shall not be used by it or any Inspector retained by it as the basis for any market transactions in the

securities of the Company or any Affiliate of the Company unless and until such is made generally available to the public through no fault of an Inspector, a selling Holder or a Participating Broker-Dealer. Each selling Holder of such Registrable Bonds and each such Participating Broker-Dealer will be required to further agree in writing that it will, upon learning that disclosure of such Records is required by any applicable law, rule or regulation, or is sought in a court of competent jurisdiction, or in connection with any action, suit or proceeding, give notice to the Company and allow the Company at its expense to undertake appropriate action to prevent disclosure of the Records deemed confidential by the Company;

(p) comply in all material respects with all applicable rules and regulations of the SEC so long as any provision of this Agreement shall be applicable and make generally available to its security holders as soon as practicable an earning 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;

(q) upon consummation of an Exchange Offer, if requested by the Trustee, obtain an opinion of counsel to the Company addressed to the Trustee for the benefit of all Holders of Registrable Bonds participating in the Exchange Offer which includes an opinion that (i) the Company has duly authorized, executed and delivered the Exchange Bonds, (ii) each of the Exchange Bonds constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (with customary exceptions) and (iii) the Mortgage has been duly qualified under the TIA, or no such qualification is required by the TIA;

(r) if an Exchange Offer is to be consummated, upon delivery of the Registrable Bonds by Holders to the Company (or to such other Person as directed by the Company), in exchange for the Exchange Bonds, the Company shall mark, or cause to be marked, on such Registrable Bonds delivered by such Holders that such Registrable Bonds are being canceled in exchange for the Exchange Bonds, and in no event shall such Registrable Bonds be marked as paid or otherwise satisfied;

(s) cooperate with each selling Holder of Registrable Bonds covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Bonds covered by a Registration Statement contemplated hereby;

(t) use its reasonable efforts to take all other steps necessary to effect the registration of the Registrable Bonds covered by a Registration Statement contemplated hereby;

(u) (A) in the case of the Exchange Offer Registration Statement (i) (a) indicate in a "Plan of Distribution" section contained in the Prospectus contained in the Exchange Offer Registration Statement that any broker or dealer registered under the Exchange Act who holds Bonds that are Registrable Bonds and that were acquired for its own account as a result of market-making activities or other trading activities (other than Registrable Bonds acquired directly from the Company) (such broker or dealer, a "Participating Broker-Dealer"), may exchange such Bonds pursuant to the Exchange Offer; however, such Participating Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act

and must, therefore, deliver a Prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Bonds received by such Participating Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Participating Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement and (b) include in such "Plan of Distribution" section all other information with respect to such resales by Participating Broker-Dealers that the SEC may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Participating Broker-Dealer or disclose the amount of Exchange Bonds held by any such Participating Broker-Dealer except to the extent required by the SEC as a result of a change in policy announced after the date of this Agreement, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the notice referred to in Section 3(g), without charge, as many copies of the Prospectus included in the Exchange Offer Registration Statement, including any preliminary Prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request (the Company hereby consents to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto by any Person subject to the prospectus delivery requirements of the Securities Act, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Bonds covered by the Prospectus or any amendment or supplement thereto), (iii) use its reasonable efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such Persons must comply with such requirements under the Securities Act and applicable rules and regulations in order to resell the Exchange Bonds; provided, however, that such period shall not be required to exceed 90 days following the consummation of the Exchange Offer (or such longer period if extended pursuant to the last sentence of Section 3 hereof) (the "Applicable Period") and (iv) include in the related letter of transmittal or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

> "If the exchange offeree is a broker-dealer holding Registrable Bonds acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Bonds received in respect of such Registrable Bonds pursuant to the Exchange Offer,"

and (y) a statement to the effect that by a Participating Broker-Dealer making the acknowledgement described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Bonds, the Participating Broker-Dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act; and

(B) in the case of any Exchange Offer Registration Statement, deliver to the Initial Purchasers or to another representative of the Participating Broker-Dealers, if requested by the Initial Purchasers or such other representative of the Participating Broker-Dealers, on behalf of the Participating Broker-Dealers upon consummation of the Exchange Offer (i) an opinion of counsel in form and substance reasonably satisfactory to the Initial Purchasers or such other representative of the Participating Broker-Dealers, covering the

matters customarily covered in opinions requested in connection with Exchange Offer Registration Statements and such other matters as may be reasonably requested (it being agreed that the matters to be covered by such opinion may be subject to customary qualifications and exceptions), (ii) an officer's certificate containing certifications substantially similar to those set forth in the certificate delivered pursuant to Section 9(a) of the Purchase Agreement and such additional certifications as are customarily delivered in a public offering of the Company's first mortgage bonds and (iii) as well as upon the effectiveness of the Exchange Offer Registration Statement, a comfort letter, in each case, in customary form as permitted by Statement on Auditing Standards No. 72. Each of the foregoing shall be consistent with the terms of the Purchase Agreement.

The Company may require each seller of Registrable Bonds as to which any registration is being effected to furnish to the Company such information regarding such seller as may be required by the staff of the SEC to be included in a Registration Statement. The Company may exclude from such registration the Registrable Bonds of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request. The Company shall not have any obligation to register under the Securities Act the Registrable Bonds of a seller who so fails to furnish such information.

In the case of (1) a Shelf Registration Statement or (2) Participating Broker-Dealers who have notified the Company that they will be utilizing the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(u) hereof, are seeking to sell Exchange Bonds and are required to deliver Prospectuses, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g)(ii), 3(g)(iii), 3(g)(iv), 3(g)(v) or 3(g)(vi) hereof, such Holder will forthwith discontinue disposition of Registrable Bonds or Exchange Bonds, as the case may be, pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Bonds or Exchange Bonds, as the case may be, current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Bonds or Exchange Bonds, as the case may be, pursuant to a Registration Statement, the Company shall file and use its reasonable efforts to have declared effective (if an amendment) as soon as practicable an amendment or supplement to the Registration Statement and shall extend the period during which such Registration Statement shall be maintained effective pursuant to Section 2(b) of this Agreement and the Applicable Period, by the number of days in the period from and including the date of the giving of such notice to and including the date when the Company shall have made available to the Holders (x) copies of the supplemented or amended Prospectus necessary to resume such dispositions or (y) the Advice.

4. Indemnification.

(a) In connection with a Shelf Registration Statement, or in connection with any delivery of a Prospectus contained in an Exchange Offer Registration Statement by a

Participating Broker-Dealer who seeks to sell Exchange Bonds, the Company shall indemnify and hold harmless each Holder of Registrable Bonds included within any such Shelf Registration Statement and each Initial Purchaser or Participating Broker-Dealer selling Exchange Bonds, each underwriter if any, who participates in an offering of the Registrable Bonds, their officers and directors and each Person who controls any of such parties within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act ("Controlling Person") 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 shall reimburse each such Initial Purchaser, Holder, Participating Broker-Dealer, underwriter, officer, director or Controlling Person (each, an "Indemnified Party") 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 an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any related Prospectus or any related Issuer Free Writing Prospectus (as that term is defined in Rule 433(h)(1) under the Securities Act) 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 4 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 the Company by any Initial Purchaser or any Holder, underwriter or Participating-Broker Dealer expressly for use in connection with the preparation of the Registration Statement, the related Prospectus or any related Issuer Free Writing Prospectus or any amendment or supplement to any thereof, or arising out of, or based upon, statements in or omissions from the part of the Registration Statement which shall constitute the Statement of Eligibility of the Trustee under the TIA; and provided, further, that the indemnity agreement contained in this subsection (a) of Section 4 with respect to the related Prospectus or any Issuer Free Writing Prospectus shall not inure to the benefit of any Initial Purchaser, Holder, Participating Broker-Dealer or underwriter, or any officer, director or Controlling Person thereof, on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of Registrable Bonds to any Person if (1) material information is incorrect in or omitted from either the Prospectus or any Issuer Free Writing Prospectus but is corrected in an amendment or supplement to the Prospectus or in an Issuer Free Writing Prospectus and such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer is notified of such incorrect information or omission and is furnished such correcting amendment or supplement to the Prospectus or such Issuer Free Writing Prospectus within a reasonable period of time, but such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer shall have failed to furnish such correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus promptly following the receipt by such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer of such correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus and (2) the correcting amendment or supplement to the Prospectus or Issuer Free Writing Prospectus would have cured the defect giving rise to such loss, claim, damage or liability. The indemnity agreement of the Company contained in this subsection (a) of Section 4 shall remain operative and in full force and effect regardless of any investigation made by or on

behalf of any Initial Purchaser, Holder, Participating Broker-Dealer, underwriter, director, officer or Controlling Person, and shall survive the registration of the Registrable Bonds. The Initial Purchasers and each Holder, Participating Broker-Dealer and underwriter agree promptly to notify the Company, and each other Indemnified Party, 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 Registrable Bonds or the Exchange Bonds.

(b) Each Initial Purchaser, Holder, underwriter and Participating Broker-Dealer shall indemnify and hold harmless the Company, its officers and directors and Controlling Persons, 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 shall 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 (1) an untrue statement or alleged untrue statement of a material fact contained in a Registration Statement, the related Prospectus or any Issuer Free Writing 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 the Company by or on behalf of such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer, expressly for use in connection with the preparation of a Registration Statement, the related Prospectus or any Issuer Free Writing Prospectus or any amendment or supplement to any thereof or (2) an untrue statement or alleged untrue statement of a material fact contained in any Free Writing Prospectus (as defined in Rule 405 under the Securities Act) that is not an Issuer Free Writing Prospectus distributed by or on behalf of such Initial Purchaser, Holder, Participating Broker-Dealer or underwriter, except to the extent arising from information furnished in writing by the Company expressly for use in connection with such Free Writing Prospectus and otherwise only to the extent that the content of such Free Writing Prospectus that is subject to indemnification is materially inconsistent with the information contained in the Prospectus together with any Issuer Free Writing Prospectus. The indemnity agreement of the respective Initial Purchasers, Holders, Participating Broker-Dealers and underwriters contained in this subsection (b) of Section 4 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or its directors, officers or Controlling Persons, and shall survive the registration of the Registrable Bonds; provided, however, that, no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Bonds pursuant to a Shelf Registration Statement. The Company agrees promptly to notify the Initial Purchasers, Holders, Participating Broker-Dealers and underwriters, if any, of the commencement of any litigation or proceedings against the Company (or any Controlling Person) or any of its officers or directors in connection with the issuance and sale of the Registrable Bonds or the Exchange Bonds.

(c) The Company and each of the Initial Purchasers, the Holders, the Participating Broker-Dealers and the underwriters, if any, each agree that, upon the receipt of notice of the commencement of any action against it, its officers or directors or any person controlling it as aforesaid, in respect of which indemnity or contribution may be sought under the provisions of this Section 4, 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 it or they may have to the indemnified party or parties otherwise than on account of this 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 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 or parties 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 or parties, 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 under this Section 4(c) for the fees and expenses of more than one separate counsel representing the indemnified parties who are parties to such action). The Company and the Holders 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 4, unless such settlement, compromise or consent (i) includes an unconditional release of such other parties from all liability arising out of such claim 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 each indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses, (ii) the relative benefits received by the Company on the one hand and the Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, on the other hand from the offering of the Registrable Bonds and/or the Exchange 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 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 such indemnifying party or

the indemnified party and each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and each of the Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers 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 taken account of the equitable consideration referred to above. Notwithstanding the provisions of this subsection (d), no Holder shall be required to contribute in excess of the amount equal to the excess of (i) the net proceeds received by such Holder from the sale of Registrable Bonds by it to Eligible Holders, over (ii) the amount of any damages which such Holder 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 Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, to contribute pursuant to this subsection (d) are several and not joint and shall not exceed the same proportion of all contributions of Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, required hereunder as such Initial Purchasers, Holders, underwriters, and/or Participating Broker-Dealers, as applicable, Registrable Bonds and/or Exchange Bonds sold pursuant to the Registration Statement is of the total amount of Registrable Bonds and/or Exchange Bonds sold pursuant to the Registration Statement.

5. Participation in Underwritten Registrations.

No Holder may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Bonds on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents reasonably required under the terms of such underwriting arrangements.

6. Selection of Underwriters.

The Holders of Registrable Bonds covered by the Shelf Registration Statement, if any, who desire to do so may sell the securities covered by such Shelf Registration in an underwritten offering, subject to the provisions of Section 3(c) hereof. In any such underwritten offering, the underwriter or underwriters and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Registrable Bonds included in such offering; provided, however, that such underwriters and managers must be reasonably satisfactory to the Company.

7. Miscellaneous.

(a) Rule 144 and Rule 144A. If and for so long as the Company is subject to the reporting requirements of Section 13 or 15 of the Exchange Act and (subject to the final paragraph of Section 2(a) hereof) any Registrable Bonds remain outstanding, the Company will file the reports required to be filed by it under the Securities Act and Section 13(a) or 15(d) of the Exchange Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to file such reports, it will, upon the request of any Holder of Registrable Bonds covered by this Agreement (A) make publicly available such information as is necessary to permit sales

of its securities pursuant to Rule 144 under the Securities Act, (B) deliver such information to prospective purchasers as is necessary to permit sales of its securities pursuant to Rule 144A under the Securities Act and (C) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Bonds without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time, (ii) Rule 144A under the Securities Act, as such rule may be amended from time to time or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Bonds covered by this Agreement, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) No Inconsistent Agreements. The Company has not entered into, and the Company will not on or after the date of this Agreement enter into, any agreement that is inconsistent with, or limits, the rights granted to the Holders of Registrable Bonds in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers of consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Bonds or the holders of at least a majority in aggregate principal amount of the outstanding Exchange Bonds (the "Applicable Holders") covered by this Agreement at such time and affected by such amendment, modification, supplement, waiver or departure; provided that no amendment, modification or supplement or waiver or consent to departure with respect to the provisions of Section 4 hereof shall be effective as against any Applicable Holder without the consent of such Applicable Holder. Notwithstanding the foregoing sentence, (i) this Agreement may be amended, without the consent of any Applicable Holder, by written agreement signed by the Company and the Initial Purchasers, (A) to cure any ambiguity, correct or supplement any provision of this Agreement that may be defective or inconsistent with any other provision of this Agreement or (B) to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with other provisions of this Agreement, and which shall, in the case of both (A) and (B) not adversely affect the interests of the Applicable Holders in any material respect, (ii) without the consent of any Applicable Holder, this Agreement may be amended, modified or supplemented, and waivers and consents to departures from the provisions hereof may be given, by written agreement signed by the Company and the Initial Purchasers to the extent that any such amendment, modification, supplement, waiver or consent is, in their reasonable judgment, necessary or appropriate to comply with applicable law and regulation (including any interpretation by the staff of the SEC) and (iii) to the extent any provision of this Agreement relates to the Initial Purchasers, such provision may be amended, modified or supplemented, and waivers or consents to departures from such provisions may be given, by written agreement signed by the Company and the Initial Purchasers.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, facsimile, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 7(d), which address initially is, with respect to the Initial Purchasers:

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017
Attention: High Grade Syndicate Desk - 8th floor

Scotia Capital (USA) Inc.
1 Liberty Plaza, 25th Floor
165 Broadway
New York, NY 10006

and (ii) if to the Company, initially at the Company's address:

Attention: Treasurer
700 Universe Boulevard
P.O. Box 14000
Juno Beach, Florida 33408

and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 7(d).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if faxed; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in writing for such purpose.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of the Company and each Initial Purchaser, including, without limitation and without the need for an express assignment, subsequent Applicable Holders; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Bonds in violation of the terms of the Purchase Agreement or the Mortgage. If any transferee of any Holder shall acquire Registrable Bonds, in any manner, whether by operation of law or otherwise, such Registrable Bonds shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Bonds, such Person shall be conclusively deemed to have agreed to be bound by and

to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiary. Each Holder and any Participating Broker-Dealer shall be third party beneficiaries of the agreements made hereunder between the Initial Purchasers and the Company, and the Initial Purchasers shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts by the parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of such counterparts shall together constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS AGREEMENT AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREUNDER, EXCEPT TO THE EXTENT THAT THE LAWS OF ANY OTHER JURISDICTION SHALL BE MANDATORILY APPLICABLE.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Securities Held by the Company or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Bonds is required hereunder, Registrable Bonds held by the Company or its Affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and the Initial Purchasers relating to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties hereto with respect to this subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Very truly yours,

Florida Power & Light Company

By: _____
Name: Robert S. Schauer
Title: Assistant Treasurer

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Very truly yours,

Florida Power & Light Company

By: _____
Name:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: Pamela Kendall
Name: Pamela Kendall
Title: Director

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Very truly yours,

Florida Power & Light Company

By: _____
Name:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name: Robert Bottamedi
Title: Vice President

Scotia Capital (USA) Inc.

By: _____
Name:
Title:

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Very truly yours,

Florida Power & Light Company

By: _____
Name:
Title:

Accepted and delivered as of
the date first above written:

Barclays Capital Inc.

By: _____
Name:
Title:

J.P. Morgan Securities Inc.

By: _____
Name:
Title:

Scotia Capital (USA) Inc.

By: _____
Name: Frank Pinon
Title: Managing Director
Head of U.S. Fixed Income

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