



Florida Power & Light Company, 215 S. Monroe St., Suite 810, Tallahassee, FL 32301

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COMMISSION  
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Florida Power & Light Company  
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March 30, 2011

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

**Re: Docket No. 090494-EI**  
Florida Power & Light Company's Consummation Report

Dear Ms. Cole:

Pursuant to Rule 25-8.009, Florida Administrative Code, and the Commission's Order No. PSC-09-0838-FOF-EI issued December 21, 2009, enclosed please find one original, one copy and one copy on diskette of Florida Power & Light Company's Consummation Report in connection with the Application for Authority to Issue and Sell Securities during 2009 (Docket No. 090494-EI).

If you or your staff have any questions regarding this filing, please contact me at (561) 691-2512.

Very truly yours,

Kenneth M. Rubin

cc: Jennifer Crawford, Office of the General Counsel (w/out attachments)  
Michael Springer, Division of Economic Regulation (w/o attachments)

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APA \_\_\_\_\_

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ADM \_\_\_\_\_

OPC \_\_\_\_\_

CLK \_\_\_\_\_ an FPL Group company

CD containing FPL's 2010 Consummation Report 3-30-11 also fwd

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

DOCKET NO. 090494-EI  
ORDER NO. PSC-09-0838-FOF-EI

FLORIDA PUBLIC SERVICE COMMISSION  
TALLAHASSEE, FLORIDA

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CONSUMMATION REPORT  
IN CONNECTION WITH  
APPLICATION OF  
FLORIDA POWER & LIGHT COMPANY  
FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING 2010

Address communications in connection with this Consummation Report to:

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

Date: March 30, 2011

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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IN RE: APPLICATION OF FLORIDA POWER & LIGHT COMPANY  
FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING 2010

CONSUMMATION REPORT

In compliance with the requirements of Rule 25-8.009, Florida Administrative Code, and Order No. PSC-09-0838-FOF-EI, issued by the Commission on December 21, 2009 in the above-captioned matter (Docket No. 090494-EI), the Applicant, Florida Power & Light Company ("FPL"), hereby submits its Consummation Report regarding transactions involving (i) the issuance and sale of first mortgage bonds, (ii) the issuance and sale of commercial paper, and (iii) the guaranty of commercial paper issued by FPL Fuels, Inc.

This Consummation Report 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 February 9, 2010 (the closing date of the transaction), FPL sold through a negotiated underwritten sale, \$500,000,000 principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (the "5.69% Mortgage Bonds"). On December 9, 2010 (the closing date of the transaction), FPL sold through a negotiated underwritten sale, \$400,000,000 principal amount of First Mortgage Bonds, 5.25% Series due February 1, 2041 (the "5.25% Mortgage Bonds" and, together with the 5.69% Mortgage Bonds, the "Mortgage Bonds"). The Mortgage Bonds were issued under FPL's registration statement on Form S-3 filed pursuant to Rule 415 of the Rules and Regulations under the Securities Act of 1933, as amended (the "Securities Act") (Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 (the "Registration Statement")), which became effective August 3, 2009. The proceeds received by FPL from issuing the 5.69% Mortgage Bonds equaled \$494,955,000 in cash, representing

principal less underwriting discount; and the proceeds received by FPL from issuing the 5.25% Mortgage Bonds equaled \$395,508,000 in cash, representing principal less the underwriting discount.

(2) FPL regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. During 2010, commercial paper was issued pursuant to Commercial Paper Dealer Agreements dated as of August 5, 2005 with each of Merrill Lynch, Pierce, Fenner & Smith Incorporated (which, as a result of assignment and merger, has replaced the original counterparty Merrill Lynch Money Markets Inc.) and SunTrust Capital Markets, Inc. (now named SunTrust Robinson Humphrey, Inc.) and a Commercial Paper Dealer Agreement dated as of September 12, 2008 with Citigroup Global 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 2010 commercial paper activity can be summarized as follows:

2010 Commercial Paper Activity  
(\$ in thousands)

Commercial paper issued:	\$8,268,546
Commercial paper matured:	\$8,560,546
Daily average outstanding:	\$458,595
Weighted average yield:	0.32%
Weighted average term (issued):	20 days

FPL's outstanding multi-year revolving credit facilities described in paragraph (3) below provide backup support for its commercial paper program.

(3) FPL entered into a revolving term loan facility in May 2006 (the "2006 credit facility"). In March 2010, FPL borrowed \$250 million under the 2006 credit facility, which amount (together with accrued interest) was repaid by FPL on September 16, 2010. FPL entered into a revolving credit and letter of credit facility in April 2007 (the "2007 credit facility"). While no borrowings were made under the 2007 credit facility during 2010, letters of credit with an aggregate nominal value of approximately

\$1.8 million were issued during 2010 and, as of December 31, 2010, letters of credit with an aggregate nominal value of approximately \$8 million were outstanding under that credit facility. On May 4, 2010, FPL entered into a \$500 million revolving credit facility (the "2010 credit facility" and, together with the 2006 credit facility and the 2007 credit facility, the "credit facilities"). No borrowings or letter of credit issuances were made under the 2010 credit facility during 2010.

Borrowings under the credit facilities, and issuance of letters of credit under the 2007 credit facility and the 2010 credit facility, can be used for general corporate purposes, including to support FPL's commercial paper program and other short-term borrowings, as well as to provide additional liquidity in the event of a property loss, including a transmission and distribution property loss, and were available in 2010 to support the Guaranty defined and described below in paragraph 4.

(4) Prior to March 26, 2010, FPL was party to certain nuclear fuel leases (the "Leases") which obligated FPL to lease portions of its nuclear fuel from the non-affiliated (but consolidated for financial statement purposes) lessor company, FPL Fuels, Inc. (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. Pursuant to a Guaranty dated as of June 1, 2004 (as amended by supplements dated as of May 10, 2006 and July 2, 2007, the "Guaranty"), FPL directly guaranteed the obligations of the Fuel Company under the Fuel Company's commercial paper program (the "CP Program"). The Leases were terminated on March 26, 2010 and, in conjunction therewith, all commercial paper that was outstanding under the CP Program was repaid in full. Thereafter, the Guaranty was terminated on March 26, 2010, the CP Program was terminated on March 29, 2010, and the Fuel Company was dissolved on November 23, 2010. For the period January 1, 2010 through March 26, 2010, the Fuel Company had an average outstanding commercial paper balance of approximately \$332 million. Upon the termination of the Leases, the CP Program was dissolved and therefore had a \$0 balance as of March 26, 2010.

For terms and conditions of issues: See Exhibits 1(f) through 1(l), 3(b) and 3(c), as the case may be.

For a consolidated statement of capitalization: See Schedule A.

For a statement of pretax interest coverage, together with debt interest: See Schedule B.

As of December 31, 2010, FPL had no preferred stock outstanding; consequently there were no preferred stock dividend requirements as of that date.

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

<b>Securities and Exchange Commission Filing Fees</b>	\$64,170
<b>Legal, Accounting, Rating Agency and Trustee Fees</b>	\$721,989
<b>Printing &amp; Miscellaneous (S-3, Prospectus, etc.)</b>	\$31,321
<b>Florida Taxes and Recording Fees</b>	\$3,362,415
<b>Underwriters' Discounts and Commissions</b>	\$7,875,000
<b>Total Costs</b>	<b>\$12,054,895</b>

The costs incurred to date by FPL in connection with its 2010 commercial paper issuances (in addition to the discount of the commercial paper dealers) include fees relating to banking and credit ratings. The aggregate of these incurred costs in connection with the 2010 commercial paper issuances is approximately \$144,000.

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

Exhibit Index (Corresponds to sections of Rule 25-8.009)

\* 1 (a)

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 Fourteen Supplements thereto were filed with the Florida Public Service Commission (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-1P, Docket No. 69262-EU; Exhibit D-1Q, 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; Exhibit (a)-4, Docket No. 041086-EI, Report of Consummation; Exhibits (a)-3 and (a)-4, Docket No. 050700-EI, Report of Consummation; Exhibits (a)-3 and Exhibit (a)-4, Docket No. 060723-EI, Report of Consummation; Exhibit 1(b), Docket No. 070660-EI, Consummation Report; and Exhibit 1(b), Docket No. 080621-EI, Consummation Report.

- 1 (b) One Hundred Fifteenth Supplemental Indenture dated as of February 1, 2010 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the 5.69% Mortgage Bonds.
- 1 (c) One Hundred Sixteenth Supplemental Indenture dated as of December 1, 2010 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the 5.25% Mortgage Bonds.
- 1 (d) For the Prospectus and Prospectus Supplement relating to the 5.69% Mortgage Bonds, see Exhibit 3(b).
- 1 (e) For the Prospectus and Prospectus Supplement relating to the 5.25% Mortgage Bonds, see Exhibit 3(c).
- \* 1 (f) U.S. Commercial Paper Information Memorandum dated December 2007 of SunTrust Robinson Humphrey, Inc. was filed with the FPSC in connection with Docket No. 060723-EI as Exhibit (a)-10 of Report of Consummation.
- \* 1 (g) U.S. Commercial Paper Information Memorandum dated September 2008 of Citigroup Global Markets Inc. was filed with the FPSC in connection with Docket No. 070660-EI as Exhibit 1(g) of Consummation Report.
- \* 1 (h) Commercial Paper Memorandum dated March 2009 of Banc of America Securities LLC was filed with the FPSC in connection with Docket No. 080621-EI as Exhibit 1(g) of Consummation Report.
- 1 (i) Commercial Paper Memorandum dated June 30, 2010 of Banc of America Securities LLC.
- 1 (j) Commercial Paper Issuer Information Memorandum dated June 30, 2010 of Citigroup Global Markets Inc.
- 1 (k) U.S. Commercial Paper Information Memorandum dated June 30, 2010 of SunTrust Robinson Humphrey, Inc.
- 1 (l) Private Placement Memorandum dated December 1, 2010 of Merrill Lynch, Pierce, Fenner & Smith Incorporated.
- 2 (a) Signed opinions of FPL's legal counsel with respect to the legality of the issuance of the 5.69% Mortgage Bonds.
- 2 (b) Signed opinions of FPL's legal counsel with respect to the legality of the issuance of the 5.25% Mortgage Bonds.
- \* 2 (c) Signed opinion of FPL's legal counsel with respect to the legality of the issuance of the commercial paper under the 2005 Commercial Paper Dealer Agreements (see exhibits 4(c) and 4(d)).

- \*2 (d) Signed opinion of FPL's legal counsel with respect to the legality of the issuance of the commercial paper under the 2008 Commercial Paper Dealer Agreement (see exhibit 4(e))
  
- 3 (a) Form S-3 Registration Statement pursuant to which the 5.69% and 5.25% Mortgage Bonds were issued (Form S-3 Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08, filed with the Securities and Exchange Commission on August 3, 2009).
  
- 3 (b) Prospectus Supplement dated February 3, 2010 (including Prospectus dated August 3, 2009) with respect to the 5.69% Mortgage Bonds.
  
- 3 (c) Prospectus Supplement dated December 6, 2010 (including Prospectus dated August 3, 2009) with respect to the 5.25% Mortgage Bonds.
  
- 3 (d) Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010.
  
- 3 (e) Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.
  
- 3 (f) Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010.
  
- 3 (g) Annual Report on Form 10-K for the year ended December 31, 2010.
  
- 4 (a) Underwriting Agreement, dated February 3, 2010, with respect to the 5.69% Mortgage Bonds.
  
- 4 (b) Underwriting Agreement, dated December 6, 2010, with respect to the 5.25% Mortgage Bonds.
  
- \* 4 (c) Commercial Paper Dealer Agreement dated as of August 5, 2005 between FPL and Merrill Lynch Money Markets Inc. (now assigned to Merrill Lynch, Pierce, Fenner & Smith Incorporated) was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (d)-6 of Report of Consummation.
  
- \* 4 (d) Commercial Paper Dealer Agreement dated as of August 5, 2005 between FPL and SunTrust Capital Markets, Inc. (now named SunTrust Robinson Humphrey, Inc.) was filed with the FPSC in connection with Docket No. 041086-EI as Exhibit (d)-7 of Report of Consummation.

\* 4 (e) Commercial Paper Dealer Agreement dated as of September 12, 2008 between FPL and Citigroup Global Markets Inc. was filed with the FPSC in connection with Docket No. 070660-EI as Exhibit 4(e) of Consummation Report.

5 (a) Statement as to Underwriters' Fees.

(1) See Exhibit 3(b), cover page (as to fee) and Page S-11 (as to Underwriters) of the Prospectus Supplement with respect to the 5.69% Mortgage Bonds.

(2) See Exhibit 3(c), cover page (as to fee) and Page S-19 (as to Underwriters) of the Prospectus Supplement with respect to the 5.25% Mortgage Bonds.

Mizuho Securities USA Inc.	251 Avenue of the Americas, 33 <sup>rd</sup> Floor New York, New York 10020
Scotia Capital (USA) Inc.	1 Liberty Plaza, 25th Floor 165 Broadway New York, New York 10006
U.S. Bancorp Investments, Inc.	214 N. Tryson St., 26 <sup>th</sup> Floor EX-NC-WSTC Charlotte, North Carolina 28202
Wells Fargo Securities, LLC	Wachovia Center, 6 <sup>th</sup> Floor 301 South College Street Charlotte, North Carolina 28288
Banc of America Securities LLC	One Bryant Park 1111 Avenue of the Americas New York, New York 10036
Citigroup Global Markets Inc.	388/390 Greenwich Street New York, New York 10013
Credit Suisse Securities (USA) LLC	Eleven Madison Avenue New York, New York 10010
Mitsubishi UFJ Securities (USA), Inc.	1633 Broadway, 29 <sup>th</sup> Floor New York, New York 10019
Credit Agricole Securities (USA) Inc.	1301 Avenue of the Americas New York, New York 10019
BBVA Securities Inc.	1345 Avenue of the Americas New York, New York 10105
KeyBanc Capital Markets Inc.	127 Public Square Cleveland, Ohio 44114
Santander Investment Securities, Inc.	45 East 53 <sup>rd</sup> Street New York, New York 10022
The Williams Capital Group, L.P.	650 Fifth Avenue New York, New York 10019
UniCredit Capital Markets, Inc.	150 East 42 <sup>nd</sup> Street New York, New York 10017
BNY Mellon Capital Markets, LLC	1 Wall Street

	New York, New York 10286
Loop Capital Markets LLC	200 West Jackson Blvd. Chicago, Illinois 60606
UBS Securities LLC	299 Park Avenue New York, New York 10171

5(b) Statement as to Placement Agents/Dealers' Fees.

(1) Merrill Lynch, Pierce, Fenner & Smith Incorporated (formerly Banc of America Securities LLC), SunTrust Robinson Humphrey, Inc. and Citigroup Global 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.

Citigroup Global Markets Inc. 390 Greenwich Street -- 5th Floor New York, New York 10013	Merrill Lynch, Pierce, Fenner & Smith Incorporated Global Investor Marketing One Bryant Park, 3 <sup>rd</sup> Floor New York, New York 10036
SunTrust Robinson Humphrey, Inc. 3333 Peachtree Road NE, 11th Floor Atlanta, Georgia 30302	

(2) None.

(3) No affiliation.

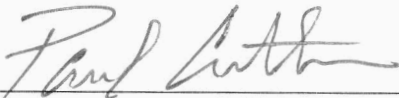
(4) Commercial paper dealers' agreements, and the use of placement agents/dealers in public company commercial paper programs, are standard practice, and the fees charged are consistent with fees charged to companies of similar creditworthiness for commercial paper transactions. The services provided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

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\*Incorporated by reference.

Respectfully submitted this 30<sup>th</sup> day of March, 2011.

FLORIDA POWER & LIGHT COMPANY

By:   
Paul I. Cutler  
Treasurer and Assistant Secretary

# Schedule A

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

**FLORIDA POWER & LIGHT COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(millions)

	December 31,	
	2010	2009
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 29,519	\$ 28,677
Nuclear fuel	729	756
Construction work in progress	2,175	1,549
Less accumulated depreciation and amortization	(10,871)	(10,578)
Electric utility plant - net	<u>21,552</u>	<u>20,404</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	20	83
Customer receivables, net of allowances of \$17 and \$21, respectively	710	838
Other receivables, net of allowances of \$1 and \$1, respectively	395	182
Materials, supplies and fossil fuel inventory	505	529
Regulatory assets:		
Deferred clause and franchise expenses	368	69
Derivatives	236	68
Other	76	69
Other	145	123
Total current assets	<u>2,455</u>	<u>1,961</u>
<b>OTHER ASSETS</b>		
Special use funds	2,637	2,408
Prepaid benefit costs	1,035	1,017
Regulatory assets:		
Securitized storm-recovery costs (\$356 related to a VIE at December 31, 2010)	581	644
Other	293	214
Other	145	164
Total other assets	<u>4,691</u>	<u>4,447</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,698</u>	<u>\$ 26,812</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 1,373	\$ 1,373
Additional paid-in capital	5,054	4,393
Retained earnings	3,364	2,670
Total common shareholder's equity	9,791	8,436
Long-term debt (\$486 related to a VIE at December 31, 2010)	6,682	5,794
Total capitalization	<u>16,473</u>	<u>14,230</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	101	818
Current maturities of long-term debt	45	42
Accounts payable	554	539
Customer deposits	628	607
Accrued interest and taxes	311	303
Regulatory liabilities - deferred clause and franchise revenues	47	377
Derivatives	245	77
Accrued construction-related expenditures	183	296
Other	394	363
Total current liabilities	<u>2,508</u>	<u>3,422</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,083	1,833
Accumulated deferred income taxes	3,835	3,509
Regulatory liabilities:		
Accrued asset removal costs	2,244	2,251
Asset retirement obligation regulatory expense difference	1,592	671
Other	377	244
Other	586	652
Total other liabilities and deferred credits	<u>9,717</u>	<u>9,160</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 28,698</u>	<u>\$ 26,812</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

# Schedule B

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

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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<sup>(a)</sup>**

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(millions of dollars)				
Earnings, as defined:					
Net income	\$ 945	\$ 831	\$ 789	\$ 836	\$ 802
Income taxes	580	473	443	451	424
Fixed charges included in the determination of net income, as below	382	347	359	325	296
Total earnings, as defined	<u>\$ 1,907</u>	<u>\$ 1,651</u>	<u>\$ 1,591</u>	<u>\$ 1,612</u>	<u>\$ 1,522</u>
Fixed charges, as defined:					
Interest expense	\$ 361	\$ 318	\$ 334	\$ 304	\$ 278
Rental interest factor	8	7	7	7	7
Allowance for borrowed funds used during construction	13	22	18	14	11
Fixed charges included in the determination of net income	382	347	359	325	296
Capitalized interest	3	2	-	-	-
Total fixed charges, as defined	<u>\$ 385</u>	<u>\$ 349</u>	<u>\$ 359</u>	<u>\$ 325</u>	<u>\$ 296</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>4.95</u>	<u>4.73</u>	<u>4.43</u>	<u>4.96</u>	<u>5.14</u>

(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 1(b)

One Hundred Fifteenth Supplemental Indenture dated as of February 1, 2010  
between FPL and Deutsche Bank Trust Company America, as Trustee, with  
respect to the 5.69% to the Mortgage Bonds

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

---

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. 2

---

**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 Fifteenth Supplemental Indenture***

*Relating to \$500,000,000 Principal Amount  
of First Mortgage Bonds, 5.69% Series  
due March 1, 2040*

***Dated as of February 1, 2010***

---

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. 3
---

---

**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 Fifteenth Supplemental Indenture***

***Relating to \$500,000,000 Principal Amount  
of First Mortgage Bonds, 5.69% Series  
due March 1, 2040***

***Dated as of February 1, 2010***

---

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. 5

---

**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 Fifteenth Supplemental Indenture***

***Relating to \$500,000,000 Principal Amount  
of First Mortgage Bonds, 5.69% Series  
due March 1, 2040***

***Dated as of February 1, 2010***

---

*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 \$1,750,000 and non-recurring intangible taxes as required by law in the amount of \$120,359.37 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 FIFTEENTH SUPPLEMENTAL INDENTURE

**INDENTURE**, dated as of the 1st day of February, 2010, 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 fifteenth supplemental indenture (hereinafter called the **One Hundred Fifteenth 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 Fifteenth 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 Fifteenth 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 ensembling 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 Fifteenth 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 Fifteenth 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.

With respect to the Property, as defined below, located in New Hampshire, FPL makes the "mortgage covenants", as this term is defined in the New Hampshire statute (New Hampshire Revised Statutes Annotated §477:29,1). The "**Property**" means the real property interests described in that certain easement deed from FPL Energy Seabrook, LLC to FPL, dated June 1, 2004 and recorded in the Rockingham County Registry of Deeds (the "**Registry**") at Book 4304, Page 945 and in the acquisition from FPL Energy Seabrook, LLC of certain fixtures described in that certain Deed of Transfer dated June 1, 2004 and recorded in the Registry at Book 4304, Page 950.

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 Twelfth Series of Bonds**

Section 1. (I) There shall be a series of bonds designated "5.69% Series due March 1, 2040", herein sometimes referred to as the "**One Hundred Twelfth 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 Twelfth Series shall mature on March 1, 2040 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 5.69% per annum, payable semi-annually on

March 1 and September 1 of each year (each an “**Interest Payment Date**”) commencing on September 1, 2010; 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 Twelfth 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 Twelfth Series are held by a securities depository in book-entry only form or (2) the 15th calendar day immediately preceding each Interest Payment Date if the bonds of the One Hundred Twelfth Series are not held by a securities depository in book-entry only form. Interest on the bonds of the One Hundred Twelfth Series will accrue from and including February 9, 2010 to but excluding September 1, 2010 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 Twelfth Series, from February 9, 2010) to, but excluding, the next succeeding Interest Payment Date. No interest will accrue on a bond of the One Hundred Twelfth 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 Twelfth 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 Twelfth Series being redeemed plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date.

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

- (2) the principal amount of the bond of the One Hundred Twelfth 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, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC or Mitsubishi UFJ Securities (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 Twelfth Series 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 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 Twelfth 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 Twelfth 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 Twelfth 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 Twelfth 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 Twelfth Series" immediately before the words "remain Outstanding".

## **ARTICLE III**

### **Miscellaneous Provisions**

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

Section 4. The holders of bonds of the One Hundred Twelfth 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 Twelfth 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 Fifteenth 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 Fifteenth 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 Fifteenth Supplemental Indenture.

Section 6. Whenever in this One Hundred Fifteenth 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 Fifteenth 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 Fifteenth 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 Fifteenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this One Hundred Fifteenth 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.

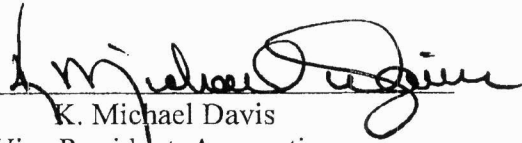
Section 9. The mortgage granted in the One Hundred Sixth Supplemental Indenture and Mortgage, dated as of September 1, 2004, in the Seabrook Substation Property (as defined in said One Hundred Sixth Supplemental Indenture and Mortgage), as supplemented hereby, is upon the statutory conditions as defined 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 Fifteenth 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.

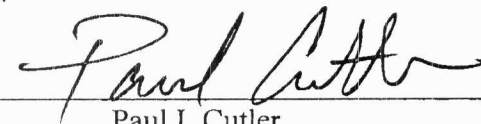
IN WITNESS WHEREOF, FPL has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK 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.

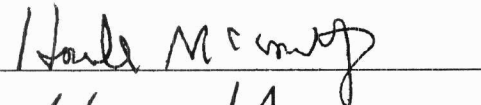

FLORIDA POWER & LIGHT COMPANY

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

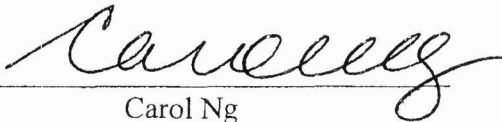
Attest:


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

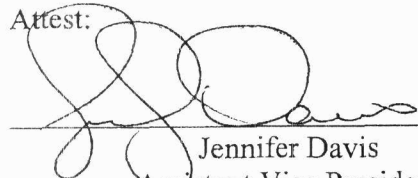
Executed, sealed and delivered by  
FLORIDA POWER & LIGHT COMPANY  
in the presence of:

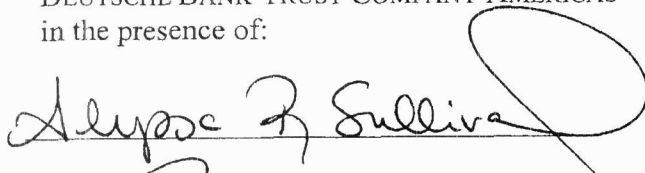

DEUTSCHE BANK TRUST COMPANY AMERICAS  
As Trustee

By:   
Carol Ng  
Vice President  
60 Wall Street, 27th Floor  
New York, NY 10005

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

Attest:   
Jennifer Davis  
Assistant 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

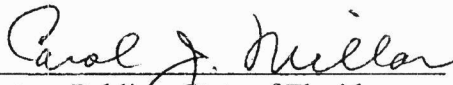
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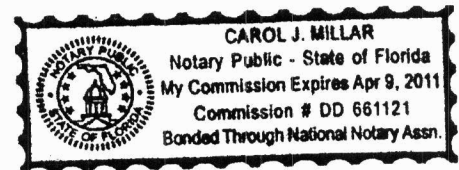
SS:

On the 4th day of February, in the year 2010 before me personally came K. Michael Davis, to me known, who, being by me duly sworn, did depose and say that he is the Vice President, Accounting 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 4th day of February, 2010, before me personally appeared K. Michael Davis and Paul I. Cutler, respectively, the Vice President, Accounting 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.

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

  
Notary Public - State of Florida



STATE OF NEW YORK  
COUNTY OF NEW YORK

}

SS:

On the 3rd day of February in the year 2010, before me personally came Carol Ng and Wanda Camacho, 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 3rd day of February, 2010, before me personally appeared Carol Ng, Wanda Camacho and Jennifer Davis, respectively, a Vice President, a Vice President and an Assistant 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.

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 Jaghatsparian  
Notary Public, State of New York  
No 01JA6062022  
Qualified in New York County  
Commission Expires September 23, 2013

# Exhibit 1(c)

One Hundred Sixteenth Supplemental Indenture dated as of December 1, 2010 between FPL and Deutsche Bank Trust Company Americas, as Trustee, with respect to the 5.25% Mortgage Bonds

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

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.

---

**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 Sixteenth Supplemental Indenture***

***Relating to \$400,000,000 Principal Amount  
of First Mortgage Bonds, 5.25% Series  
due February 1, 2041***

***Dated as of December 1, 2010***

---

*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 \$77,588.43 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.*

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

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

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

PROVIDED that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the Lien and operation of this One Hundred Sixteenth 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

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 Thirteenth Series are held by a securities depository in book-entry only form or (2) the 15th calendar day immediately preceding each Interest Payment Date if the bonds of the One Hundred Thirteenth Series are not held by a securities depository in book-entry only form. Interest on the bonds of the One Hundred Thirteenth Series will accrue from and including December 9, 2010 to but excluding February 1, 2011 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 Thirteenth Series, from December 9, 2010) to, but excluding, the next succeeding Interest Payment Date. No interest will accrue on a bond of the One Hundred Thirteenth 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 Thirteenth 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 the applicable price (the “**Redemption Price**”) described below. If FPL redeems all or any part of the bonds of the One Hundred Thirteenth Series at any time prior to August 1, 2040, the Redemption Price will equal 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 Thirteenth Series being redeemed plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date.

The amount of the Make-Whole Premium with respect to any bond of the One Hundred Thirteenth 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 Thirteenth 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 Thirteenth Series (or portion thereof) being redeemed; over
- (2) the principal amount of the bond of the One Hundred Thirteenth 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 Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. or Wells Fargo Securities, LLC, 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 Thirteenth Series 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 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.

If FPL redeems all or any part of the bonds of the One Hundred Thirteenth Series at any time on or after August 1, 2040, the Redemption Price will equal 100% of the principal amount of the bonds of the One Hundred Thirteenth Series being redeemed, plus accrued and unpaid interest thereon, if any, to, but excluding, the Redemption Date.

(III) At the option of the registered owner any bonds of the One Hundred Thirteenth 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 Thirteenth 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 Thirteenth 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 Thirteenth 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 Thirteenth Series" immediately before the words "remain Outstanding".

## **ARTICLE III**

### **Miscellaneous Provisions**

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

Section 4. The holders of bonds of the One Hundred Thirteenth 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 Thirteenth 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 Sixteenth 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 Sixteenth 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 Sixteenth Supplemental Indenture.

Section 6. Whenever in this One Hundred Sixteenth 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 Sixteenth 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 Sixteenth 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 Sixteenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this One Hundred Sixteenth 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 and Georgia, to operate and is to be construed as granting a lien only on such properties and not as a deed passing title thereto.

Section 9. This One Hundred Sixteenth 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: Kimberly Ousdahl  
Kimberly Ousdahl  
Vice President, Controller  
and Chief Accounting Officer

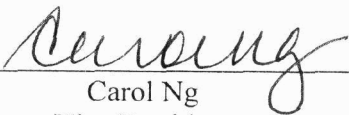
Attest:


Paul I. Cutler  
Paul I. Cutler  
Treasurer and Assistant Secretary

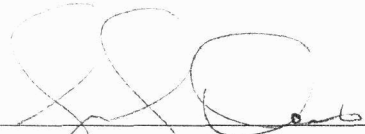
Executed, sealed and delivered by  
FLORIDA POWER & LIGHT COMPANY  
in the presence of:

Harold McCarthy  
Dan Stern

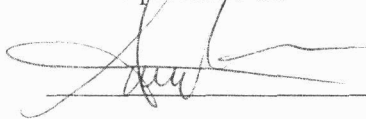
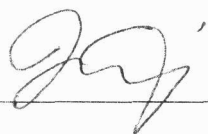
DEUTSCHE BANK TRUST COMPANY AMERICAS  
As Trustee

By:   
Carol Ng  
Vice President  
60 Wall Street, 27th Floor  
New York, NY 10005

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

Attest:   
Jennifer Davis  
Assistant 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

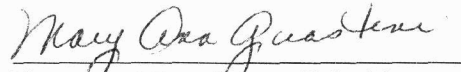
}

SS:

On the 7th day of December, in the year 2010 before me personally came Kimberly Ousdahl, to me known, who, being by me duly sworn, did depose and say that she is the Vice President, Controller and Chief Accounting Officer of FLORIDA POWER & LIGHT COMPANY, 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 7th day of December, 2010, before me personally appeared Kimberly Ousdahl and Paul I. Cutler, respectively, the Vice President, 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.

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

  
Notary Public – State of Florida

STATE OF NEW YORK  
COUNTY OF NEW YORK

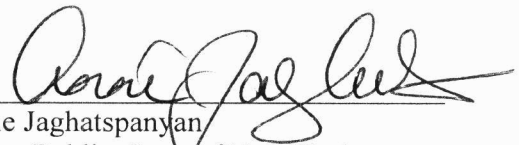
}

SS:

On the 3rd day of December in the year 2010, before me personally came Carol Ng and Wanda Camacho, 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 3rd day of December, 2010, before me personally appeared Carol Ng, Wanda Camacho and Jennifer Davis, respectively, a Vice President, a Vice President and an Assistant 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.

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, 2013

# Exhibit 1(d)

For the Prospectus and Prospectus Supplement relating to the 5.69% Mortgage Bonds, see Exhibit 3(b)

DOCUMENT NUMBER-DATE  
02070 MAR 30 =  
FPSC-COMMISSION CLERK

# Exhibit 1(e)

For the Prospectus and Prospectus Supplement relating to the 5.25% mortgage Bonds, see Exhibit 3(c).

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

# Exhibit 1(i)

Commercial Paper Memorandum dated June 30, 2010 of Banc of America Securities LLC.

DOCUMENT NUMBER DATE  
02070 MAR 30 =  
FPSC-COMMISSION CLERK



Commercial Paper Memorandum Approval Form

Please sign this document to verify that you have read and approved the Commercial Paper Memorandum dated June 2010 for Florida Power & Light Company's 3(a)(3) Commercial Paper program.

  
\_\_\_\_\_  
Signature

Amy A. Black  
\_\_\_\_\_  
Name

Assistant Treasurer  
\_\_\_\_\_  
Title

June 30, 2010  
\_\_\_\_\_  
Date

Kindly transmit a signed copy to Siddharth Coelho-Prabhu via email at Siddharth.coelho-prabhu@baml.com. If you have any questions regarding the Commercial Paper Memorandum, please call Siddharth Coelho-Prabhu at (646) 855-6209.

Thank you for your cooperation.



## **Florida Power & Light Company**

**\$2,500,000,000**

### **COMMERCIAL PAPER NOTES**

#### **TERMS OF COMMERCIAL PAPER NOTES**

<b>Issuer:</b>	Florida Power & Light Company ("FPL"), a Florida corporation.
<b>Securities:</b>	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.
<b>Program Size:</b>	Authorized to a maximum principal amount outstanding at any time of US \$2,500,000,000.
<b>Placement Agents:</b>	Banc of America Securities LLC, Citigroup Global Markets Inc., and SunTrust Robinson Humphrey, Inc.
<b>Exemption:</b>	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.
<b>Offering Price:</b>	The Notes will be sold at par less a discount representing an interest factor or, if interest bearing, at par.
<b>Denominations:</b>	The Notes will be issued in minimum denominations of \$100,000 or integral increments of \$1,000 in excess thereof.
<b>Maturities:</b>	Up to 270 days from the date of issue. The Notes are not redeemable nor subject to voluntary prepayment by FPL prior to maturity.
<b>Form of Issuance:</b>	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.

<b>Settlement:</b>	Unless otherwise agreed to, settlement will be made on a same-day basis in immediately available funds.
<b>Use of Proceeds:</b>	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.
<b>Issuing &amp; Paying Agent:</b>	JPMorgan Chase Bank, N.A. New York, New York
<b>Liquidity Facility:</b>	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 primarily in the generation, transmission, distribution and sale of electric energy in Florida. As of December 31, 2009, FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. NextEra Energy, Inc., formerly known as FPL Group, Inc., owns all of FPL's common stock. FPL's operating revenues for 2009 amounted to approximately \$11.5 billion.

#### **CREDIT RATINGS**

As of June 30, 2010, the Notes are rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 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.

If you require additional information or have any questions regarding this Offering Memorandum, please call or write to:

Banc of America Securities LLC  
Global Investor Marketing  
1633 Broadway  
Mail Code: NY1-633-28-01  
New York, NY 10019  
Telephone: (212) 497-6832  
Fax: (212) 497-6826

## **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 have been or 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 "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 Banc of America Securities LLC 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 Banc of America Securities LLC. 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 1(j)

Commercial Paper Issuer Information Memorandum dated June 30, 2010 of  
Citigroup Global Markets, Inc.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

FLORIDA POWER & LIGHT COMPANY

June 30, 2010

Citigroup Global Markets Inc.  
Money Markets Origination  
390 Greenwich Street, 5<sup>th</sup> Floor  
New York, New York 10013

FLORIDA POWER & LIGHT COMPANY  
Information Memorandum  
Dated June 2010

Ladies and Gentlemen:

Reference is hereby made to the Dealer Agreement (the "Agreement") between Florida Power & Light Company (the "Issuer"), and Citigroup Global Markets Inc. ("Citi") providing for the offer and sale by Citi of the Issuer's short-term promissory notes (the "Notes") in the United States commercial paper market. Pursuant to the Agreement, the Issuer has prepared the Information Memorandum, a copy of which is attached hereto. The Issuer hereby approves such Information Memorandum and authorizes Citi to use the Information Memorandum in making offers and sales of the Notes.

Very truly yours,

FLORIDA POWER & LIGHT COMPANY

By: 

Amy A. Black  
Assistant Treasurer



**COMMERCIAL  
PAPER ISSUER**  
INFORMATION MEMORANDUM

**FLORIDA POWER & LIGHT COMPANY**

**Up to \$2,500,000,000**

**Commercial Paper Notes**

**CITI**

June 2010

**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 \$2,500,000,000.
Placement Agents:	Citigroup Global Markets Inc., Banc of America Securities LLC and SunTrust Robinson Humphrey, 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 the 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 to, 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. 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 primarily in the generation, transmission, distribution and sale of electric energy in Florida. As of December 31, 2009, FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. NextEra Energy, Inc., formerly known as FPL Group, Inc., owns all of FPL's common stock. FPL's operating revenues for 2009 amounted to approximately \$11.5 billion.

## **CREDIT RATINGS**

As of June 30, 2010, the Notes are rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 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 have been or 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 "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 Citigroup Global 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 Citigroup Global 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

Citigroup Global Markets Inc. 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 Citigroup Global Markets Inc. 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 Citigroup Global Markets Inc. has no obligation to disclose any non-public information concerning FPL and its affiliates that may be furnished to Citigroup Global Markets Inc. and its affiliates in connection with performing such services.

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

CP Investor Marketing  
Citigroup Global Markets Inc.  
390 Greenwich Street – 5th Floor  
New York, NY 10013  
Telephone: (212) 723-6364  
Facsimile: (212) 723-8624

*The information under the caption "The Dealer" has been furnished by Citigroup Global Markets Inc. All other information contained in this memorandum has been furnished by FPL.*

# Exhibit 1(k)

U.S. Commercial Paper Information Memorandum dated June 30, 2010 of  
SunTrust Robinson Humphrey, Inc.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

**INFORMATION MEMORANDUM APPROVAL**

Issuer: **FLORIDA POWER & LIGHT COMPANY**

By: 

Name: Amy A. Black

Title: Assistant Treasurer

Date: June 30, 2010

## FLORIDA POWER & LIGHT COMPANY

Up to \$2,500,000,000

### Commercial Paper Notes

**DEALER:**

**SunTrust Robinson Humphrey, 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 \$2,500,000,000.
Placement Agents:	SunTrust Robinson Humphrey, Inc., Banc of America Securities LLC and Citigroup Global 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 the 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 to, 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. 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 primarily in the generation, transmission, distribution and sale of electric energy in Florida. As of December 31, 2009, FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. NextEra Energy, Inc., formerly known as FPL Group, Inc., owns all of FPL's common stock. FPL's operating revenues for 2009 amounted to approximately \$11.5 billion.

## **CREDIT RATINGS**

As of June 30, 2010, the Notes are rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 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.

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- 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

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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 Robinson Humphrey, 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 Robinson Humphrey, Inc. 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 SunTrust Robinson Humphrey, Inc. 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 SunTrust Robinson Humphrey, Inc. has no obligation to disclose any non-public information concerning FPL and its affiliates that may be furnished to SunTrust Robinson Humphrey, Inc. 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 Robinson Humphrey, Inc.  
Commercial Paper Desk  
Attention: Matt Vincent  
3333 Peachtree Road NE, 11th Floor  
Atlanta, Georgia 30302  
Phone: (404) 926-5498  
Fax: (404) 350-5498  
matt.vincent@suntrust.com

*The information under the caption "The Dealer" has been furnished by SunTrust Robinson Humphrey, Inc. All other information contained in this memorandum has been furnished by FPL.*

# Exhibit 1(l)

Private Placement Memorandum dated December 1, 2010 of Merrill Lynch,  
Pierce, Fenner & Smith Incorporated.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

## **BofA Merrill Lynch**

### **Commercial Paper Memorandum Approval Form**

Please sign this document to verify that you have read and approved the Private Placement Memorandum for Florida Power & Light Company's 3(a)(3) commercial paper program.

  
Signature

Amy Black  
Name

Assistant Treasurer  
Title

December 1, 2010  
Date

Kindly transmit a signed copy to Christina Hunt via email at [christina.hunt@bam1.com](mailto:christina.hunt@bam1.com). If you have any questions regarding the Private Placement Memorandum, please call Christina Hunt at (646) 855-8088.

Thank you for your cooperation.

**BofA Merrill Lynch****Private Placement Memorandum**

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**Florida Power & Light Company****\$2,500,000,000****COMMERCIAL PAPER NOTES****December 1, 2010****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 \$2,500,000,000.

**Placement Agents:** Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., and SunTrust Robinson Humphrey, 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 the 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 to, 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.  
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 primarily in the generation, transmission, distribution and sale of electric energy in Florida. As of December 31, 2009, FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. NextEra Energy, Inc., formerly known as FPL Group, Inc., owns all of FPL's common stock. FPL's operating revenues for 2009 amounted to approximately \$11.5 billion.

### **CREDIT RATINGS**

As of December 1, 2010, the Notes are rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 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.

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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.

If you require additional information or have any questions regarding this Offering Memorandum, please call or write to:

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Global Investor Marketing  
One Bryant Park, 4th Floor  
Mail Code: NY1-100-04-00  
New York, NY 10036  
Telephone: (646) 855-3019  
Fax: (980) 233-7814

## **INFORMATION INCORPORATED BY REFERENCE**

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- 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**

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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, Pierce, Fenner & Smith Incorporated. 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 2(a)

Signed opinions of FPL's legal counsel with respect to the legality of the issuance of the 5.69% Mortgage Bonds.

DOCUMENT NUMBER-DATE  
02070 MAR 30 =  
FPSC-COMMISSION CLERK



SQUIRE, SANDERS & DEMPSEY L.L.P.

1900 Phillips Point West  
777 South Flagler Drive  
West Palm Beach, FL 33401-6198

Office: +1.561.650.7200  
Fax: +1.561.655.1509

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
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 \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 fifteen indentures supplemental thereto, the latest of which (the "One Hundred Fifteenth Supplemental Indenture") is dated as of February 1, 2010 (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 February 3, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement"), which Registration Statement was filed jointly by FPL, FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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,

CINCINNATI • CLEVELAND • COLUMBUS • HOUSTON • LOS ANGELES • MIAMI • NEW YORK • PALO ALTO • PHOENIX • SAN FRANCISCO • TALLAHASSEE • TAMPA  
TYSONS CORNER • WASHINGTON DC • WEST PALM BEACH | BOGOTÁ\* • BUENOS AIRES\* • CARACAS • LA PAZ\* • LIMA\* • PANAMÁ\* • RIO DE JANEIRO • SANTIAGO\*  
SANTO DOMINGO • SÃO PAULO | BRATISLAVA • BRUSSELS • BUCHAREST\* • BUDAPEST • FRANKFURT • KYIV • LONDON • MOSCOW • PRAGUE • RIYADH\* • WARSAW

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\*INDEPENDENT NETWORK FIRM

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as amended (the "Securities Act"); (2) the Base Prospectus dated August 3, 2009 forming a part of the Registration Statement (the "Base Prospectus"), as supplemented by a preliminary prospectus supplement, subject to completion, dated February 2, 2010 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 February 3, 2010 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus, as supplemented by a prospectus supplement dated February 3, 2010 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission ("FPSC") authorizing, among other things, the issuance and sale of debt securities in 2010, including the Bonds.

Upon the basis of the foregoing, we advise you that:

I.

FPL is a validly organized and existing corporation and its status is active under the laws of the State of Florida.

II.

FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Pricing Disclosure Package and 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, fraudulent conveyance 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 FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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, as of the date of the Agreement, 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 times 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 is an "automatic shelf registration statement" (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and 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, fraudulent conveyance or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. The One Hundred Fifteenth Supplemental Indenture is in proper form for recording in all places

required; and upon such recording, the One Hundred Fifteenth 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 Fourteenth Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Fifteenth Supplemental Indenture.

## XII.

Except as stated or referred to in the Pricing Disclosure Package and 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, in accordance with the Mortgage, 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement omitted, or at the date hereof omits, to state a material fact

Banc of America Securities LLC  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Mitsubishi UFJ Securities (USA), Inc.  
February 9, 2010  
Page 6

SQUIRE, SANDERS & DEMPSEY L.L.P.

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 Florida, New York, Georgia and New Hampshire 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 Morgan, Lewis & Bockius 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 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, Morgan, Lewis & Bockius 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.*  
SQUIRE, SANDERS & DEMPSEY L.L.P.

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, NY 10178-0060  
Tel: 212.309.6000  
Fax: 212.309.6001  
www.morganlewis.com

**Morgan Lewis**  
C O U N S E L O R S   A T   L A W

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
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 \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 fifteen indentures supplemental thereto, the latest of which (the "One Hundred Fifteenth Supplemental Indenture") is dated as of February 1, 2010 (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 February 3, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement"), which Registration Statement was filed jointly by FPL, FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 Base Prospectus dated August 3, 2009 forming a part of the Registration Statement (the "Base Prospectus"), as supplemented by a preliminary prospectus supplement, subject to completion, dated February 2, 2010 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 February 3, 2010 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus, as supplemented by a prospectus supplement dated February 3, 2010 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission ("FPSC") authorizing, among other things, the issuance and sale of debt securities in 2010, 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, fraudulent conveyance 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 FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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, as of the date of the Agreement, 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 times 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 is an "automatic shelf registration statement" (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and 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, in accordance with the Mortgage, 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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. 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., West Palm Beach, 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

Banc of America Securities LLC  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Mitsubishi UFJ Securities (USA), Inc.  
February 9, 2010  
Page 5

**Morgan Lewis**  
COUNSELORS AT LAW

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,

*Morgan, Lewis & Bockius LLP*  
MORGAN, LEWIS & BOCKIUS LLP

# Exhibit 2(b)

Signed opinions of FPL's legal counsel with respect to the legality of the issuance of the 5.25% Mortgage Bonds.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK



SQUIRE, SANDERS & DEMPSEY L.L.P.

1900 PHILLIPS POINT WEST  
777 SOUTH FLAGLER DRIVE  
WEST PALM BEACH, FLORIDA 33401

OFFICE: +1.561.650.7200  
FAX: +1.561.655.1509

December 9, 2010

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

Ladies and Gentlemen:

We have acted as counsel to Florida Power & Light Company, a Florida corporation (the "Company") in connection with the authorization, issuance and sale by the Company of \$400,000,000 aggregate principal amount of First Mortgage Bonds, 5.25% Series due February 1, 2041 (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 sixteen indentures supplemental thereto, the latest of which is dated as of December 1, 2010 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from the Company to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee").

We have participated in the preparation of or reviewed (1) Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 (the "Registration Statement"), which Registration Statement was filed jointly by the Company, NextEra Energy, Inc. (formerly known as FPL Group, Inc.), NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Inc), FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 3, 2009 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 6, 2010 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424 under the Securities Act; (3) the Mortgage; (4) the corporate proceedings of the Company with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; and (5) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of the purchase price for the Bonds) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Bonds are legally issued, valid and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency,

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TYSONS CORNER • WASHINGTON DC • WEST PALM BEACH | BOGOTÁ<sup>+</sup> • BUENOS AIRES<sup>+</sup> • CARACAS • LA PAZ<sup>+</sup> • LIMA<sup>+</sup> • PANAMÁ<sup>+</sup> • RIO DE JANEIRO • SANTIAGO<sup>+</sup>  
SANTO DOMINGO • SÃO PAULO | BEIRUT<sup>+</sup> • BRATISLAVA • BRUSSELS • BUCHAREST<sup>+</sup> • BUDAPEST • FRANKFURT • KYIV • LONDON • MOSCOW • PRAGUE • RIYADH<sup>+</sup> • WARSAW  
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<sup>+</sup>INDEPENDENT NETWORK FIRM

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reorganization, receivership, moratorium, fraudulent conveyance 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 certificates representing the Bonds conform to specimens examined by us and that the Bonds have been duly authenticated, in accordance with the Mortgage, by the Mortgage Trustee under the Mortgage, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the filing of this opinion as an exhibit to a Current Report on Form 8-K to be filed by the Company on or about December 9, 2010, which will be incorporated by reference in the Registration Statement. 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.

This opinion is limited to the laws of the States of Florida and New York 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 Morgan, Lewis & Bockius LLP, New York, New York. As to all matters of Florida law, Morgan, Lewis & Bockius LLP is hereby authorized to rely upon this opinion as though it were rendered to it.

Very truly yours,

*Squire, Sanders & Dempsey L.L.P.*

SQUIRE, SANDERS & DEMPSEY L.L.P.

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, NY 10178-0060  
Tel: 212.309.6000  
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www.morganlewis.com

**Morgan Lewis**  
C O U N S E L O R S   A T   L A W

December 9, 2010

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

Ladies and Gentlemen:

We have acted as counsel to Florida Power & Light Company, a Florida corporation (the "Company") in connection with the authorization, issuance and sale by the Company of \$400,000,000 aggregate principal amount of First Mortgage Bonds, 5.25% Series due February 1, 2041 (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 sixteen indentures supplemental thereto, the latest of which is dated as of December 1, 2010 (such Mortgage as so supplemented being hereinafter called the "Mortgage") from the Company to Deutsche Bank Trust Company Americas, as Trustee ("Mortgage Trustee").

We have participated in the preparation of or reviewed (1) Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 (the "Registration Statement"), which Registration Statement was filed jointly by the Company, NextEra Energy, Inc. (formerly known as FPL Group, Inc.), NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Inc), FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 3, 2009 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 6, 2010 relating to the Bonds, both such prospectus and prospectus supplement filed pursuant to Rule 424 under the Securities Act; (3) the Mortgage; (4) the corporate proceedings of the Company with respect to the Registration Statement and with respect to the authorization, issuance and sale of the Bonds; and (5) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of the purchase price for the Bonds) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Bonds are legally issued, valid and binding obligations of the Company, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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 certificates representing the Bonds conform to specimens examined by us and that the Bonds have been duly authenticated, in accordance with the Mortgage, by the Mortgage Trustee under the Mortgage, and that the

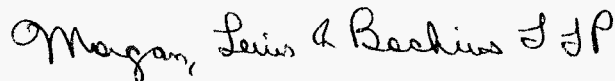
Florida Power & Light Company  
December 9, 2010  
Page 2

signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the filing of this opinion as an exhibit to a Current Report on Form 8-K to be filed by the Company on or about December 9, 2010, which will be incorporated by reference in the Registration Statement. 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.

This opinion is limited to the laws of the States of New York and Florida and the federal laws of the United States insofar as they bear on matters covered hereby. 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., West Palm Beach, 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 it.

Very truly yours,

A handwritten signature in cursive script that reads "Morgan, Lewis & Bockius LLP".

MORGAN, LEWIS & BOCKIUS LLP

# Exhibit 3(a)

Form S-3 Registration Statement pursuant to which the 5.69% and 5.25% Mortgage Bonds were issued (Form S-3 Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08, filed with the Securities and Exchange Commission on August 3, 2009.

DOCUMENT NUMBER-DATE  
02070 MAR 30 =  
FPSC-COMMISSION CLERK

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM S-3 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

FPL Group, Inc.  
FPL Group Capital Inc  
Florida Power & Light Company  
FPL Group Capital Trust II  
FPL Group Capital Trust III  
FPL Group Trust I  
FPL Group Trust II  
Florida Power & Light Company Trust I  
Florida Power & Light Company Trust II  
(Exact name of each registrant as  
specified in its charter)

Florida  
Florida  
Florida  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
(State or other jurisdiction of  
incorporation or organization)

59-2449419  
59-2576416  
59-0247775  
71-6208700  
20-6218691  
20-6218700  
20-6218704  
20-6218709  
20-6218713  
(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 registrants' principal executive office)

Charles E. Sleiving, Esq.  
Executive Vice President &  
General Counsel  
FPL Group, Inc.  
700 Universe Boulevard  
Juno Beach, Florida 33408  
(561) 694-4000

Thomas R. McGuigan, Esq.  
Squire, Sanders & Dempsey L.L.P.  
1900 Phillips Point West  
777 South Flagler Drive  
West Palm Beach, Florida 33401  
(561) 650-7200

Robert J. Reger, Jr., Esq.  
Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178  
(212) 309-6000

(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:

From time to time after the effective date of this registration statement as determined by market conditions and other factors.

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

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

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act of 1933, check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act of 1933, check the following box. ☐

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company
FPL Group, Inc. ....	(X)	( )	(X)	( )
FPL Group Capital Inc. ....	( )	( )	(X)	( )
Florida Power & Light Company ....	( )	( )	(X)	( )
FPL Group Capital Trust II. ....	( )	( )	(X)	( )
FPL Group Capital Trust III. ....	( )	( )	(X)	( )
FPL Group Trust I. ....	( )	( )	(X)	( )
FPL Group Trust II. ....	( )	( )	(X)	( )
Florida Power & Light Company Trust I. ....	( )	( )	(X)	( )
Florida Power & Light Company Trust II. ....	( )	( )	(X)	( )

(Continued on next page)

(Continued from previous page)

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
<b>FPL Group, Inc.</b>		
FPL Group, Inc. Common Stock, \$.01 par value .....		
FPL Group, Inc. Preferred Stock .....		
FPL Group, Inc. Stock Purchase Contracts .....		
FPL Group, Inc. Stock Purchase Units .....		
FPL Group, Inc. Warrants .....		
FPL Group, Inc. Senior Debt Securities .....		
FPL Group, Inc. Subordinated Debt Securities .....		
FPL Group, Inc. Junior Subordinated Debentures .....		
FPL Group Trust I Preferred Trust Securities .....		
FPL Group Trust II Preferred Trust Securities .....		
FPL Group, Inc. Guarantee of FPL Group Capital Inc Senior Debt Securities ..		
FPL Group, Inc. Guarantee of FPL Group Capital Inc Preferred Stock .....		
FPL Group, Inc. Subordinated Guarantee of FPL Group Capital Inc Junior Subordinated Debentures .....		
FPL Group, Inc. Subordinated Guarantee of FPL Group Capital Inc Subordinated Debt Securities .....		
FPL Group, Inc. Guarantee of FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II Preferred Trust Securities ..		
<b>FPL Group Capital Inc</b>		
FPL Group Capital Inc Preferred Stock .....		
FPL Group Capital Inc Senior Debt Securities .....		
FPL Group Capital Inc Subordinated Debt Securities .....		
FPL Group Capital Inc Junior Subordinated Debentures .....		
FPL Group Capital Trust II and FPL Group Capital Trust III Preferred Trust Securities .....		
<b>Florida Power &amp; Light Company</b>		
Florida Power & Light Company Preferred Stock .....		
Florida Power & Light Company Warrants .....		
Florida Power & Light Company First Mortgage Bonds .....		
Florida Power & Light Company Senior Debt Securities .....		
Florida Power & Light Company Subordinated Debt Securities .....		
Florida Power & Light Company Junior Subordinated Debentures .....		
Florida Power & Light Company Trust I and Florida Power & Light Company Trust II Preferred Trust Securities .....		
Florida Power & Light Company Guarantee of Florida Power & Light Company Trust I and Florida Power & Light Company Trust II Preferred Trust Securities ...		
<b>Total .....</b>		<b>\$0(2)</b>

- (1) An unspecified aggregate initial offering of the securities of each identified class is being registered as may from time to time be offered by FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II or sold by a selling securityholder, if and as allowed, at unspecified prices, along with an indeterminate number of securities that may be issued upon exercise, settlement, exchange or conversion of securities offered hereunder.
- (2) FPL Group, Inc. is applying \$13,154 of filing fees in accordance with Rule 415(a)(6) under the Securities Act of 1933 that have already been paid in connection with \$400,000,000 amount of common stock that is included in this registration statement and that was previously registered, but was not sold, pursuant to Registration Statement Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08 ("Registration Statement No. 333-137120"), filed on September 5, 2006, as amended. Pursuant to Rule 415(a)(6), no additional filing fee is required in connection with the remaining \$334,719,000 amount of common stock. In accordance with Rule 415(a)(6) under the Securities Act of 1933, the offering of securities registered under Registration Statement No. 333-137120 will be terminated concurrently with the filing of this registration statement. In connection with the securities offered hereby, except as specified in this paragraph, the registrants will pay "pay-as-you-go registration fees" in accordance with Rule 456(b) and Rule 457(r) under the Securities Act of 1933.

#### **EXPLANATORY NOTE**

This registration statement contains two forms of prospectuses, the first of which is to be used in connection with offerings of the securities referenced in clause (1) below, and the second of which is to be used in connection with offerings of the securities referenced in clause (2) below:

- (1) the securities of FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II registered pursuant to this registration statement; and
- (2) the securities of Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II registered pursuant to this registration statement.

Each offering of securities made under this registration statement will be made pursuant to one of these prospectuses, with the specific terms of the securities offered thereby set forth in an accompanying prospectus supplement.

**PROSPECTUS**

**FPL GROUP, INC.**

**Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units,  
Warrants, Senior Debt Securities, Subordinated Debt Securities and  
Junior Subordinated Debentures**

**FPL GROUP CAPITAL INC**

**Preferred Stock, Senior Debt Securities, Subordinated Debt Securities  
and Junior Subordinated Debentures**

**Guaranteed as described in this prospectus by**

**FPL GROUP, INC.**

**FPL GROUP CAPITAL TRUST II  
FPL GROUP CAPITAL TRUST III  
FPL GROUP TRUST I  
FPL GROUP TRUST II**

**Preferred Trust Securities**

**Guaranteed as described in this prospectus by**

**FPL GROUP, INC.**

One or more of FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II may offer any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized from time to time. This prospectus may also be used by a selling securityholder of the securities described herein.

One or more of FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group 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.

FPL Group's common stock is listed on the New York Stock Exchange and trades under the symbol "FPL."

FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group 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 74 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 purchasing any of the securities being offered.**

FPL Group's, FPL Group Capital's, FPL Group Capital Trust II's, FPL Group Capital Trust III's, FPL Group Trust I's and FPL Group Trust II's principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408-0420, 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 3, 2009

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## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II, and certain of their affiliates, have filed with the Securities and Exchange Commission ("SEC") using a "shelf" registration process. FPL Group Capital Trust II and FPL Group Capital Trust III each are referred to in this prospectus as "FPL Group Capital Trust" and FPL Group Trust I and FPL Group Trust II each are referred to in this prospectus as "FPL Group Trust." In addition, FPL Group Capital Trust and FPL Group Trust each are referred to in this prospectus as the "Trust."

Under this shelf registration process, FPL Group, FPL Group Capital and/or the Trust may issue and sell any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized by the board of directors of FPL Group or FPL Group Capital, as the case may be. FPL Group may offer any of the following securities: common stock, preferred stock, stock purchase contracts, stock purchase units, warrants to purchase common stock or preferred stock, senior debt securities, subordinated debt securities and junior subordinated debentures, each of which debt securities may be convertible or exchangeable into FPL Group common stock, and guarantees related to the preferred trust securities which the Trust may offer and guarantees related to the preferred stock, senior debt securities, subordinated debt securities and junior subordinated debentures FPL Group Capital may offer. FPL Group Capital may offer any of the following securities: preferred stock, senior debt securities, subordinated debt securities and junior subordinated debentures. Unless otherwise stated in a prospectus supplement, the Trust may offer preferred trust securities.

This prospectus provides you with a general description of the securities that FPL Group, FPL Group Capital and/or the Trust may offer. Each time FPL Group, FPL Group Capital and/or the Trust sells securities, FPL Group, FPL Group Capital and/or the Trust will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement if necessary. The applicable prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable 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 risk factors and 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 Group and FPL Group Capital are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions. Florida Power & Light Company 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 Group Capital.**

FPL Group and FPL Group Capital are subject to complex laws and regulations, and to changes in laws or regulations, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of generation facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, transmission reliability and present or prospective wholesale and retail competition. This substantial and complex framework exposes FPL Group and FPL Group Capital to increased compliance costs and potentially significant monetary penalties for non-compliance. The Florida Public Service Commission has the authority to disallow recovery by Florida Power & Light Company of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts Florida Power & Light Company's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL Group and FPL Group Capital also are subject to extensive federal, state and local environmental statutes, rules and regulations, as well as the effect of changes in or additions to applicable statutes, rules and regulations that relate to, or in the future may relate to, for example, air quality, water quality, climate change, greenhouse gas emissions, carbon dioxide emissions, waste management, marine and wildlife mortality, natural resources, health, safety and renewable portfolio standards 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 Group Capital operate in a changing market environment influenced by various legislative and regulatory initiatives regarding regulation, deregulation or restructuring of the energy industry, including, for example, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable and clean energy sources and reduction of carbon emissions. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing costs and competitive pressure in doing so.

FPL Group's results of operations could be affected by Florida Power & Light Company's ability to negotiate or renegotiate franchise agreements with municipalities and counties in Florida.

**The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL Group Capital.**

The operation and maintenance of power generation, transmission and distribution facilities involve many risks, including, for example, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL Group's and FPL Group Capital's generation fleets and

transmission and distribution systems, use of new or unproven technology, the dependence on a specific fuel source, failures in the supply or transportation of fuel, the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes, floods and droughts), and performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, for example, lost revenues due to prolonged outages and increased expenses due to monetary penalties or fines, replacement equipment costs or an obligation to purchase or generate replacement power 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. Breakdown or failure of an operating facility of NextEra Energy Resources, LLC ("NextEra Energy Resources") may, for example, prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or subject NextEra Energy Resources to incurring a liability for liquidated damages.

**The operation and maintenance of nuclear facilities involves inherent risks, including environmental, health, regulatory, terrorism and financial risks, that could result in fines or the closure of nuclear units owned by Florida Power & Light Company or NextEra Energy Resources, and which may present potential exposures in excess of insurance coverage.**

Florida Power & Light Company and NextEra Energy Resources own, or hold undivided interests in, nuclear generation facilities in four states. These nuclear facilities are subject to environmental, health and financial risks such as on-site storage of spent nuclear fuel, the ability to dispose of spent nuclear fuel, the ability to maintain adequate reserves for decommissioning, potential liabilities arising out of the operation of these facilities, and the threat of a possible terrorist attack. Although Florida Power & Light Company and NextEra Energy Resources maintain decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks, it is possible that the cost of decommissioning the facilities could exceed the amount available in the decommissioning trusts, and that liability and property damages could exceed the amount of insurance coverage.

The Nuclear Regulatory Commission has broad authority to impose licensing and safety-related requirements for the construction and operation and maintenance of nuclear generation facilities. In the event of non-compliance, the Nuclear Regulatory Commission has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Nuclear Regulatory Commission orders or new regulations related to increased security measures and any future safety requirements promulgated by the Nuclear Regulatory Commission could require Florida Power & Light Company and NextEra Energy Resources to incur substantial operating and capital expenditures at their nuclear plants. In addition, if a serious nuclear incident were to occur at a Florida Power & Light Company or NextEra Energy Resources plant, it could result in substantial costs. A major incident at a nuclear facility anywhere in the world could cause the Nuclear Regulatory Commission to limit or prohibit the operation or licensing of any domestic nuclear unit.

In addition, potential terrorist threats and increased public scrutiny of utilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

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

The ability of FPL Group and FPL Group Capital to complete construction of, and capital improvement projects for, their power generation and transmission facilities on schedule and within budget are contingent upon many variables that could delay completion, increase costs or otherwise adversely affect operational and financial results, including, for example, limitations related to

transmission interconnection issues, escalating costs for materials and labor and environmental compliance, delays with respect to permits and other approvals, and disputes involving third parties, and are subject to substantial risks. Should any such efforts be unsuccessful or delayed, FPL Group and FPL Group Capital could be subject to additional costs, termination payments under committed contracts, loss of tax credits and/or the write-off of their investment in the project or improvement.

**The use of derivative contracts by FPL Group and FPL Group Capital in the normal course of business could result in financial losses or the payment of margin cash collateral that adversely impact the results of operations or cash flows of FPL Group and FPL Group Capital.**

FPL Group and FPL Group Capital use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage their commodity and financial market risks, and for FPL Group and FPL Group Capital to engage in trading and marketing activities. FPL Group and FPL Group Capital could recognize financial losses as a result of volatility in the market values of these derivative instruments, or if a counterparty fails to perform or make payments under these derivative instruments, and could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, Florida Power & Light Company's use of such instruments could be subject to prudence challenges and, if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

FPL Group and FPL Group Capital provide full energy and capacity requirement services, which include load-following services and various ancillary services, primarily to distribution utilities to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers, which could negatively affect FPL Group's and FPL Group Capital's results of operations from these transactions.

**FPL Group's and FPL Group Capital's competitive energy business is subject to risks, many of which are beyond the control of FPL Group and FPL Group Capital, including, but not limited to, the efficient development and operation of generating assets, the successful and timely completion of project restructuring activities, the price and supply of fuel and equipment, transmission constraints, competition from other generators, including those using new sources of generation, excess generation capacity and demand for power, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group and FPL Group Capital.**

There are various risks associated with FPL Group's and FPL Group Capital's competitive energy business. In addition to risks discussed elsewhere, risk factors specifically affecting NextEra Energy Resources' success in competitive wholesale markets include, for example, 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) and equipment, transmission constraints, the ability to utilize production tax credits, competition from other and new sources of generation, excess generation capacity and shifting demand for power. There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities, and there are other financial, counterparty and market risks that are beyond the control of NextEra Energy Resources. NextEra Energy Resources' 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 and FPL Group

Capital's future financial results. In keeping with industry trends, a portion of NextEra Energy Resources' 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 increase the volatility of FPL Group's and FPL Group Capital's financial results. In addition, NextEra Energy Resources' business depends upon power transmission and natural gas transportation facilities owned and operated by others; if transmission or transportation is disrupted or capacity is inadequate or unavailable, NextEra Energy Resources' ability to sell and deliver its wholesale power or natural gas may be limited.

**FPL Group's and FPL Group Capital's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.**

FPL Group and FPL Group Capital are likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry in general. In addition, FPL Group and FPL Group Capital may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

**FPL Group and FPL Group Capital participate in markets that are often subject to uncertain economic conditions, which make it difficult to estimate growth, future income and expenditures.**

FPL Group and FPL Group Capital participate in markets that are susceptible to uncertain economic conditions, which complicate estimates of revenue growth. Because components of budgeting and forecasting are dependent upon estimates of revenue growth in the markets FPL Group and FPL Group Capital serve, the uncertainty makes estimates of future income and expenditures more difficult. As a result, FPL Group and FPL Group Capital may make significant investments and expenditures but never realize the anticipated benefits, which could adversely affect results of operations. The future direction of the overall economy also may have a significant effect on the overall performance and financial condition of FPL Group and FPL Group Capital.

**Customer growth and customer usage in Florida Power & Light Company's service area affect FPL Group's results of operations.**

FPL Group's results of operations are affected by the growth in customer accounts in Florida Power & Light Company's service area and by customer usage. Customer growth can be affected by population growth. Customer growth and customer usage can be affected by economic factors in Florida and elsewhere, including, for example, job and income growth, housing starts and new home prices. Customer growth and customer usage directly influence the demand for electricity and the need for additional power generation and power delivery facilities at Florida Power & Light Company.

**Weather affects FPL Group's and FPL Group Capital's results of operations, as can the impact of severe weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities.**

FPL Group's and FPL Group Capital's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities, including, but not limited to, wind, solar and hydro-powered facilities. FPL Group's and FPL Group Capital'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 Florida Power & Light Company, recovery of these costs is subject to Florida Public Service Commission approval.

**Adverse capital and credit market conditions may adversely affect FPL Group's and FPL Group Capital's ability to meet liquidity needs, access capital and operate and grow their businesses, and increase the cost of capital. Disruptions, uncertainty or volatility in the financial markets can also adversely impact the results of operations and financial condition of FPL Group and FPL Group Capital, as well as exert downward pressure on the market price of FPL Group's common stock.**

Having access to the credit and capital markets, at a reasonable cost, is necessary for FPL Group, FPL Group Capital and Florida Power & Light Company to fund their operations, including their capital requirements. Those markets have provided FPL Group, FPL Group Capital and Florida Power & Light Company with the liquidity to operate and grow their businesses that is not otherwise provided from operating cash flows. Disruptions, uncertainty or volatility in those markets can increase FPL Group's, FPL Group Capital's and Florida Power & Light Company's cost of capital. If FPL Group, FPL Group Capital and Florida Power & Light Company are unable to access the credit and capital markets on terms that are reasonable, they may have to delay raising capital, issue shorter-term securities and/or bear an unfavorable cost of capital, which, in turn, could adversely impact their ability to grow their businesses, decrease earnings, significantly reduce financial flexibility and/or limit FPL Group's ability to sustain its current common stock dividend level.

The market price and trading volume of FPL Group's common stock could be subject to significant fluctuations due to, among other things, general stock market conditions and changes in market sentiment regarding FPL Group and its subsidiaries' operations, business, growth prospects and financing strategies.

**FPL Group's, FPL Group Capital's and Florida Power & Light Company's inability to maintain their current credit ratings may adversely affect FPL Group's and FPL Group Capital's liquidity, limit the ability of FPL Group, FPL Group Capital and Florida Power & Light Company to grow their businesses, and would likely increase interest costs.**

FPL Group, FPL Group Capital and Florida Power & Light Company rely on access to capital and credit markets as significant sources of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group, FPL Group Capital and Florida Power & Light Company to maintain their current credit ratings could affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL Group's, FPL Group Capital's and Florida Power & Light Company's ability to grow their businesses and would likely increase their interest costs.

**FPL Group and FPL Group Capital are subject to credit and performance risk from third parties under supply and service contracts.**

FPL Group, FPL Group Capital and Florida Power & Light Company rely on contracts with vendors for the supply of equipment, materials, fuel and other goods and services required for the construction and operation of, and for capital improvements to, their facilities, as well as for business operations. If vendors fail to fulfill their contractual obligations, FPL Group, FPL Group Capital and Florida Power & Light Company may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption to their operations.

**FPL Group and FPL Group Capital are subject to costs and other potentially adverse effects of legal and regulatory proceedings, as well as regulatory compliance and changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws, corporate governance requirements and labor and employment laws.**

FPL Group, FPL Group Capital and Florida Power & Light Company are subject to costs and other potentially adverse effects of legal and regulatory proceedings, settlements, investigations and claims, as well as regulatory compliance and the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws, corporate governance requirements and labor and employment laws.

Florida Power & Light Company and NextEra Energy Resources, as owners and operators of bulk power transmission systems and/or critical assets within various regions throughout the United States, are subject to mandatory reliability standards promulgated by the North American Electric Reliability Corporation and enforced by the Federal Energy Regulatory Commission. These standards, which previously were being applied on a voluntary basis, became mandatory in June 2007. Noncompliance with these mandatory reliability standards could result in sanctions, including substantial monetary penalties, which likely would not be recoverable from customers.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL Group's and FPL Group Capital's business may impact the operations of FPL Group and FPL Group Capital in unpredictable ways.**

FPL Group and FPL Group Capital are subject to direct and indirect effects of terrorist threats and activities as well as cyber attacks and disruptive activities of individuals and/or groups. Infrastructure facilities and systems, including, for example, generation, transmission and distribution facilities, physical assets and information systems, in general, have been identified as potential targets. The effects of these threats and activities include, but are not limited to, the inability to generate, purchase or transmit power, the delay in development and construction of new generating facilities, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

**The ability of FPL Group and FPL Group Capital to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events.**

FPL Group's, FPL Group Capital's and Florida Power & Light Company's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be adversely affected by international, national, state or local events as well as company-specific events.

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

FPL Group, FPL Group Capital and Florida Power & Light Company are subject to employee workforce factors, including, for example, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs and collective bargaining agreements with union employees and work stoppage that could adversely affect the businesses and financial condition of FPL Group and FPL Group Capital.

## **FPL GROUP**

FPL Group is a holding company incorporated in 1984 as a Florida corporation. FPL Group has two principal operating subsidiaries, Florida Power & Light Company and, indirectly through FPL Group Capital, NextEra Energy Resources. Florida Power & Light Company is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. NextEra Energy Resources is FPL Group's competitive energy subsidiary which produces the majority of its electricity from clean and renewable fuels.

## **FPL GROUP CAPITAL**

FPL Group Capital was incorporated in 1985 as a Florida corporation and is a wholly-owned subsidiary of FPL Group. Other than with respect to Florida Power & Light Company, FPL Group Capital holds the capital stock of or has equity interests in, and provides funding for, all of FPL Group's principal operating subsidiaries (including NextEra Energy Resources).

## **FPL GROUP CAPITAL TRUST II, FPL GROUP CAPITAL TRUST III, FPL GROUP TRUST I AND FPL GROUP TRUST II**

FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II are Delaware statutory trusts created pursuant to separate trust agreements among FPL Group as depositor of the Trust, The Bank of New York Mellon as the Property Trustee, BNY Mellon Trust of Delaware as the Delaware Trustee and one or more Administrative Trustees appointed by FPL Group. At the time of the issuance of securities by the Trust, the applicable trust agreement 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." Unless otherwise stated in a prospectus supplement,

- FPL Group Capital 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,
- FPL Group Trust exists only to issue its preferred trust securities and common trust securities and to hold the junior subordinated debentures of FPL Group as trust assets,
- all of the common trust securities will be owned by FPL Group, and
- the common trust securities will represent at least 3% of the total capital of the applicable 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 will have a term as stated in the applicable prospectus supplement, but may dissolve earlier as provided in the Trust Agreement.

The Trust's business and affairs will be conducted by its Administrative Trustees.

## **USE OF PROCEEDS**

Unless otherwise stated in a prospectus supplement, FPL Group and FPL Group Capital will each add the net proceeds from the sale of its securities to its respective general funds. FPL Group uses its general funds for corporate purposes, including to provide funds for its subsidiaries, to repurchase common stock and to purchase securities issued by its subsidiaries. FPL Group Capital uses its general funds for corporate purposes, including to repay short-term borrowings and to repay, redeem or repurchase outstanding long-term debt obligations. FPL Group and FPL Group Capital will each temporarily invest any proceeds that it does not need to use immediately in short-term instruments.

Unless otherwise stated in a prospectus supplement, FPL Group Capital 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 Group Capital. FPL Group Capital will add the net proceeds from the sale of such junior subordinated debentures to its general funds, which will be used as described above.

Unless otherwise stated in a prospectus supplement, FPL Group 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 Group. FPL Group will add the net proceeds from the sale of such junior subordinated debentures to its general funds, which will be used as described above.

**CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS  
TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table shows FPL Group's consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred stock dividends for each of its last five fiscal years:

Years Ended December 31,				
2008	2007	2006	2005	2004
3.28	3.10	3.13	2.82	3.00

FPL Group's consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended June 30, 2009 was 2.67.

**WHERE YOU CAN FIND MORE INFORMATION**

FPL Group files annual, quarterly and other reports and other information with the SEC. You can read and copy any information filed by FPL Group 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 ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including FPL Group. FPL Group also maintains an Internet site ([www.fplgroup.com](http://www.fplgroup.com)). Information on FPL Group's Internet site or any of its subsidiaries' Internet sites is not a part of this prospectus.

FPL Group Capital does not file and does not intend to file reports or other information with the SEC under Sections 13 or 15(d) of the Securities Exchange Act of 1934. FPL Group includes summarized financial information relating to FPL Group Capital in some of its reports filed with the SEC.

FPL Group and the Trust do not expect the Trust to file reports or other information with the SEC under Sections 13 or 15(d) of the Securities Exchange Act of 1934.

## INCORPORATION BY REFERENCE

The SEC allows FPL Group, FPL Group Capital and the Trust to “incorporate by reference” the information that FPL Group files with the SEC, which means that FPL Group, FPL Group Capital 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 Group files in the future with the SEC will automatically update and supersede this information. FPL Group, FPL Group Capital and the Trust are incorporating by reference the documents listed below and any future filings FPL Group 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 (other than any documents, or portions of documents, not deemed to be filed) until FPL Group, FPL Group Capital and/or the Trust sell all of the securities covered by the registration statement:

- (1) FPL Group’s Annual Report on Form 10-K for the year ended December 31, 2008;
- (2) FPL Group’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009;
- (3) FPL Group’s Current Reports on Form 8-K filed with the SEC on January 5, 2009, January 7, 2009, January 23, 2009, January 26, 2009, January 27, 2009 (with January 22, 2009 earliest report date), February 13, 2009, March 9, 2009, March 18, 2009, March 19, 2009, May 18, 2009, May 29, 2009, June 19, 2009 and July 22, 2009 (other than any documents, or portions of documents, not deemed to be filed); and
- (4) the description of the FPL Group common stock contained in FPL Group’s Current Report on Form 8-K filed with the SEC on January 26, 2009, and any amendments or reports filed for the purpose of updating such description.

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, (212) 309-6000. FPL Group 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.

## FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL Group, FPL Group Capital and the Trust are herein filing cautionary statements identifying important factors that could cause FPL Group’s and FPL Group Capital’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 Group, FPL Group Capital 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, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as “will,” “will likely result,” “are expected to,” “will continue,” “aim,” “is anticipated,” “believe,” “could,” “should,” “would,” “estimated,” “may,” “plan,” “potential,” “projection,” “target,” “outlook,” “predict,” and “intend” or words of similar meaning) 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 FPL Group’s 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 Group’s and FPL Group Capital’s operations and financial results, and could cause FPL Group’s or FPL Group Capital’s actual results to

differ materially from those contained or implied in forward-looking statements made by or on behalf of FPL Group, FPL Group Capital or the Trust.

Any forward-looking statement speaks only as of the date on which that statement is made, and neither FPL Group, FPL Group Capital nor the Trust undertakes 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, unless otherwise required by law. 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 Group or FPL Group Capital 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 Group's and FPL Group Capital's businesses in the future.

## DESCRIPTION OF FPL GROUP COMMON STOCK

The following summary description of the terms of the common stock of FPL Group is not intended to be complete. The description is qualified in its entirety by reference to the provisions of FPL Group's Restated Articles of Incorporation, as amended ("FPL Group's Charter"), and Amended and Restated Bylaws, as currently in effect, the other documents described below, and applicable laws. Each of FPL Group's Charter and bylaws, as currently in effect, and the other documents described below has previously been filed with the SEC and they are exhibits to the registration statement of which this prospectus is a part and may be obtained as described under "Incorporation by Reference" on page 11 of this prospectus.

### Authorized and Outstanding Capital Stock

FPL Group's Charter authorizes it to issue 900,000,000 shares of capital stock, each with a par value of \$.01, consisting of:

- 800,000,000 shares of common stock; and
- 100,000,000 shares of preferred stock.

As of June 30, 2009, there were 411,461,266 shares of common stock and no shares of preferred stock issued and outstanding. As of the same date, FPL Group's board of directors had not authorized for issuance any series of preferred stock.

### Common Stock Terms

**Voting Rights.** In general, each holder of common stock is entitled to one vote for each share held by such holder on all matters submitted to a vote of holders of the common stock, including the election of directors. Each holder of common stock is entitled to attend all special and annual meetings of FPL Group's shareholders. The holders of common stock do not have cumulative voting rights. Unless otherwise provided by FPL Group's Charter or bylaws or applicable law, the affirmative vote of the holders of a majority of the total number of shares represented at a meeting and entitled to vote on a matter (including the election of directors) is required for shareholder action on that matter.

**Dividend Rights.** The holders of common stock are entitled to participate on an equal per-share basis in any dividends declared on the common stock by FPL Group's board of directors out of funds legally available for dividend payments.

The declaration and payment of dividends on the common stock is within the sole discretion of FPL Group's board of directors. FPL Group's Charter does not limit the dividends that may be paid on the common stock.

The ability of FPL Group to pay dividends on the common stock is currently subject to, and in the future may be limited by:

- various risks which affect the businesses of Florida Power & Light Company and FPL Group's other subsidiaries that may in certain instances limit the ability of such subsidiaries to pay dividends to FPL Group; and
- various contractual restrictions applicable to FPL Group and some of its subsidiaries, including those described below.

Florida Power & Light Company is subject to the terms of its Mortgage and Deed of Trust dated as of January 1, 1944, with Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee, as amended and supplemented from time to time (the "Mortgage"), that secures its obligations under outstanding first mortgage bonds issued by it from time to time. In specified circumstances, the terms of the Mortgage could restrict the ability of Florida Power & Light Company

to pay dividends and make other distributions to FPL Group. As of the date of this prospectus, Florida Power & Light Company's ability to pay dividends to FPL Group was not restricted by the terms of the Mortgage.

Other contractual restrictions on the dividend-paying ability of FPL Group or its subsidiaries are contained in outstanding financing arrangements, and may be included in future financing arrangements. FPL Group has issued equity units. In accordance with the terms of the equity units, FPL Group has the right, from time to time, to defer the payment of contract adjustment payments on the purchase contracts that form a part of the equity units to a date no later than the purchase contract settlement date. In the event that FPL Group exercises its right to defer the payment of contract adjustment payments, then, until the deferred contract adjustment payments have been paid, FPL Group would not be able, with limited exceptions, to pay dividends on the common stock. FPL Group Capital has issued junior subordinated debentures that are guaranteed by FPL Group. FPL Group Capital has the right, from time to time, to defer the payment of interest on its outstanding junior subordinated debentures for a deferral period of up to 20 consecutive quarters, in the case of one series of such securities, and on one or more occasions for up to ten consecutive years, in the case of other series of such securities. FPL Group, Florida Power & Light Company or FPL Group Capital may issue, from time to time, additional equity units, junior subordinated debentures or other securities that (i) provide them with rights to defer the payment of interest or other payments and (ii) contain dividend restrictions in the event of the exercise of such rights. In the event that FPL Group or FPL Group Capital were to exercise any right to defer interest or other payments on currently outstanding or future series of equity units, junior subordinated debentures or other securities, or if there were to occur certain payment defaults on those securities, FPL Group would not be able, with limited exceptions, to pay dividends on the common stock during the periods in which such payments were deferred or such payment defaults continued. In the event that Florida Power & Light Company were to exercise any such right to defer the payment of interest or other payments, it would not be able, with limited exceptions, to pay dividends to FPL Group or any other holder of its common stock or preferred stock during the periods in which such payments were deferred. In addition, FPL Group, FPL Group Capital and Florida Power & Light Company might issue other securities in the future containing similar or other restrictions on FPL Group's ability to pay dividends on the common stock and on Florida Power & Light Company's ability to pay dividends to any holder of its common stock or preferred stock, including FPL Group.

In addition, the right of the holders of FPL Group's common stock to receive dividends might become subject to the preferential dividend, redemption, sinking fund or other rights of the holders of any series of FPL Group preferred stock that may be issued in the future, and the right of the holders of Florida Power & Light Company common stock or preferred stock, including FPL Group, to receive dividends might become subject to the preferential dividend, redemption, sinking fund or other rights of the holders of any series of Florida Power & Light Company preferred stock that may be issued in the future.

**Liquidation Rights.** If there is a liquidation, dissolution or winding up of FPL Group, the holders of common stock are entitled to share equally and ratably in any assets remaining after FPL Group has paid, or provided for the payment of, all of its debts and other liabilities, and after FPL Group has paid, or provided for the payment of, any preferential amounts payable to the holders of any outstanding preferred stock.

**Other Rights.** The holders of common stock do not have any preemptive, subscription, conversion or sinking fund rights. The common stock is not subject to redemption.

### **Anti-Takeover Effects of Provisions in FPL Group's Charter and Bylaws**

FPL Group's Charter and bylaws contain provisions that may make it difficult and expensive for a third party to pursue a takeover attempt that FPL Group's board of directors and management oppose even if a change in control of FPL Group might be beneficial to the interests of holders of common stock.

**FPL Group's Charter Provisions.** Among FPL Group's Charter provisions that could have an anti-takeover effect are those that:

- permit the shareholders to remove a director only for cause and only by the affirmative vote of holders of at least 75% of the voting power of the outstanding shares of voting stock (which FPL Group's Charter defines to include the common stock and any other capital stock entitled to vote generally in the election of directors), voting together as a single class;
- provide that a vacancy on the board of directors may be filled only by a majority vote of the remaining directors;
- prohibit the shareholders from taking action by written consent in lieu of a meeting of shareholders;
- limit the persons who may call a special meeting of shareholders to the chairman of the FPL Group board of directors, the president or secretary, a majority of the board of directors or the holders of a majority of the outstanding shares of stock entitled to vote on the matter or matters to be presented at the meeting;
- require the affirmative vote of holders of at least 75% of the voting power of the outstanding shares of voting stock, voting together as a single class, to approve certain "business combinations" with an "interested shareholder," as those terms are defined in FPL Group's Charter, or the interested shareholder's affiliate, unless such transactions are approved by a majority of the "continuing directors," as defined in FPL Group's Charter or, in some cases, unless specified minimum price and procedural requirements are met;
- require any action by shareholders to amend or repeal the FPL Group bylaws, or to adopt new bylaws, to receive the affirmative vote of holders of at least 75% of the voting power of the outstanding shares of voting stock, voting together as a single class; and
- require the affirmative vote of holders of at least 75% of the voting power of the outstanding shares of voting stock, voting together as a single class, to alter, amend or repeal specified provisions of FPL Group's Charter, including the foregoing provisions.

FPL Group's Charter defines the term "interested shareholder" to include a security holder who is the direct or indirect beneficial owner of 10% or more of the voting power of the outstanding shares of voting stock, and the term "continuing director" to include any director who is not an affiliate of an interested shareholder. The foregoing provisions may discriminate against a security holder who becomes an interested shareholder by reason of its beneficial ownership of the specified amount of common or other voting stock.

The term "business combination" is defined in FPL Group's Charter to include the following transactions:

- any merger or consolidation of FPL Group or any direct or indirect majority-owned subsidiary with (i) any interested shareholder or (ii) any other corporation (whether or not itself an interested shareholder) which is, or after such merger or consolidation would be, an affiliate of an interested shareholder;

- any sale, lease, exchange, mortgage, pledge, transfer or other disposition in one transaction or a series of transactions to or with any interested shareholder or any affiliate of any interested shareholder of assets of FPL Group or any direct or indirect majority-owned subsidiary having an aggregate fair market value of \$10 million or more;
- the issuance or transfer by FPL Group or any direct or indirect majority-owned subsidiary in one transaction or a series of transactions of any securities of FPL Group or any such subsidiary to any interested shareholder or any affiliate of any interested shareholder in exchange for cash, securities or other property, or a combination thereof, having an aggregate fair market value of \$10 million or more;
- the adoption of any plan or proposal for the liquidation or dissolution of FPL Group proposed by or on behalf of an interested shareholder or an affiliate of an interested shareholder; or
- any reclassification of securities (including any reverse stock split) or recapitalization of FPL Group, or any merger or consolidation of FPL Group with any of its direct or indirect majority-owned subsidiaries or any other transaction which has the direct or indirect effect of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of FPL Group or any direct or indirect majority-owned subsidiary which is directly or indirectly owned by any interested shareholder or any affiliate of any interested shareholder.

For purposes of the foregoing "business combination" provisions, FPL Group's Charter defines the term "subsidiary" as any corporation of which FPL Group owns, directly or indirectly, a majority of any class of equity securities.

The foregoing shareholder approval requirements are in addition to those required by law, including the provisions of the Florida Business Corporation Act described below.

**Bylaw Provisions.** The FPL Group bylaws contain some of the foregoing provisions contained in FPL Group's Charter. The bylaws also contain a provision limiting to 16 directors the maximum number of authorized directors of FPL Group. In addition, the bylaws contain provisions that establish advance notice requirements for shareholders to nominate candidates for election as directors at any annual or special meeting of shareholders or to present any other business for consideration at any annual meeting of shareholders. These provisions generally require a shareholder to submit in writing to FPL Group's secretary any nomination of a candidate for election to the board of directors or any other proposal for consideration at any annual meeting not earlier than 120 days or later than 90 days before the first anniversary of the preceding year's annual meeting. The bylaws also require a shareholder to submit in writing to FPL Group's secretary any nomination of a candidate for election to the board of directors for consideration at any special meeting not earlier than 120 days before such special meeting and not after the later of 90 days before such special meeting or the tenth day following the day of the first public announcement of the date of the special meeting and of the fact that directors are to be elected at the meeting. For the shareholder's notice to be in proper form, it must include all of the information specified in the bylaws.

#### **Restrictions on Affiliated and Control Share Transactions Under Florida Act**

**Affiliated Transactions.** As a Florida corporation, FPL Group is subject to the Florida Business Corporation Act, or "Florida Act," which provides that an "affiliated transaction" of a Florida corporation with an "interested shareholder," as those terms are defined in the statute, generally must be approved by the affirmative vote of the holders of two-thirds of the outstanding voting shares, other than the shares beneficially owned by the interested shareholder. The Florida Act defines an "interested shareholder" as any person who is the beneficial owner of more than 10% of the

outstanding voting shares of the corporation. The affiliated transactions covered by the Florida Act include, with specified exceptions:

- mergers and consolidations to which the corporation and the interested shareholder are parties;
- sales or other dispositions of assets representing 5% or more of the aggregate fair market value of the corporation's assets, outstanding shares, earning power or net income to the interested shareholder;
- issuances by the corporation of 5% or more of the aggregate fair market value of its outstanding shares to the interested shareholder;
- the adoption of any plan for the liquidation or dissolution of the corporation proposed by or pursuant to an arrangement with the interested shareholder;
- any reclassification of the corporation's securities, recapitalization of the corporation, merger or consolidation, or other transaction which has the effect of increasing by more than 5% the percentage of the outstanding voting shares of the corporation beneficially owned by the interested shareholder; and
- the receipt by the interested shareholder of certain loans or other financial assistance from the corporation.

The foregoing transactions generally also include transactions involving any affiliate of the interested shareholder and involving or affecting any direct or indirect majority-owned subsidiary of the corporation.

The two-thirds approval requirement does not apply if, among other things, subject to specified qualifications:

- the transaction has been approved by a majority of the corporation's disinterested directors;
- the interested shareholder has been the beneficial owner of at least 80% of the corporation's outstanding voting shares for at least five years preceding the transaction;
- the interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares; or
- specified fair price and procedural requirements are satisfied.

The foregoing restrictions do not apply if the corporation's original articles of incorporation or an amendment to its articles of incorporation or bylaws approved by the affirmative vote of the holders of a majority of the outstanding shares of voting stock of the corporation (other than shares held by the interested shareholder) contain a provision expressly electing for the corporation not to be governed by the restrictions. FPL Group's Charter and bylaws do not contain such a provision.

**Control-Share Acquisitions.** The Florida Act also contains a control-share acquisition statute which provides that a person who acquires shares in an "issuing public corporation," as defined in the statute, in excess of certain specified thresholds generally will not have any voting rights with respect to such shares unless such voting rights are approved by the holders of a majority of the votes of each class of securities entitled to vote separately, excluding shares held or controlled by the acquiring person. The thresholds specified in the Florida Act are the acquisition of a number of shares representing:

- one-fifth or more, but less than one-third, of all voting power of the corporation;
- one-third or more, but less than a majority, of all voting power of the corporation; or
- a majority or more of all voting power of the corporation.

The statute does not apply if, among other things, the acquisition:

- is approved by the corporation's board of directors; or
- is effected pursuant to a statutory merger or share exchange to which the corporation is a party.

The statute also does not apply to an acquisition of shares of a corporation in excess of a specified threshold if, before the acquisition, the corporation's articles of incorporation or bylaws provide that the corporation will not be governed by the statute. The statute also permits a corporation to adopt a provision in its articles of incorporation or bylaws providing for the redemption of the acquired shares by the corporation in specified circumstances. FPL Group's Charter and bylaws do not contain such provisions.

### **Preferred Stock**

FPL Group's Charter authorizes FPL Group's board of directors from time to time and without shareholder action to provide for the issuance of up to 100,000,000 shares of preferred stock in one or more series, and to determine the designations, preferences, limitations and relative or other rights of any such series, including voting rights, dividend rights, liquidation preferences, sinking fund provisions, conversion privileges and redemption rights. FPL Group's board of directors has broad discretion with respect to the creation and issuance of any series of preferred stock without shareholder approval, subject to any applicable rights of holders of any shares of preferred stock outstanding at any time. The rights and privileges of holders of common stock may be adversely affected by the rights, privileges and preferences of holders of shares of any series of preferred stock which FPL Group's board of directors may authorize for issuance from time to time. Among other things, by authorizing the issuance of shares of preferred stock with particular voting, conversion or other rights, the board of directors could adversely affect the voting power of the holders of the common stock and could discourage any attempt to effect a change in control of FPL Group, even if such a transaction would be beneficial to the interests of holders of the common stock. See the description of FPL Group's Preferred Stock in "Description of FPL Group Preferred Stock" in this prospectus.

### **Indemnification**

Florida law generally provides that a Florida corporation, such as FPL Group, may indemnify its directors, officers, employees and agents against liabilities and expenses they may incur. Florida law also limits the liability of directors to FPL Group and other persons. FPL Group's bylaws contain provisions requiring FPL Group to indemnify its directors, officers, employees and agents under specified conditions. In addition, FPL Group carries insurance permitted by the laws of Florida on behalf of its directors, officers, employees and agents.

### **Transfer Agent and Register**

The transfer agent and registrar for the common stock is Computershare Investor Services, LLC.

### **Listing**

The common stock is listed on the New York Stock Exchange and trades under the symbol "FPL."

## DESCRIPTION OF FPL GROUP PREFERRED STOCK

**General.** The following statements describing FPL Group's preferred stock are not intended to be a complete description. For additional information, please see FPL Group's Charter and its bylaws. You should read this summary together with the articles of amendment to FPL Group's Charter, which will describe the terms of any preferred stock to be offered hereby, for a complete understanding of all the provisions. Please also see the Mortgage, which contains restrictions which may in certain instances limit the ability of Florida Power & Light Company to pay dividends to FPL Group. Each of these documents has previously been filed, or will be filed, with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. Reference is also made to the laws of the State of Florida.

**FPL Group Preferred Stock.** FPL Group may issue one or more series of its preferred stock, \$.01 par value, without the approval of its shareholders. No shares of preferred stock are presently outstanding.

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 Group'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 title of that series of preferred stock,
- (2) the number of shares in the series,
- (3) the dividend rate, or how such rate will be determined, and the dividend payment dates for the series,
- (4) whether the series will be listed on a securities exchange,
- (5) the date or dates on which the series of preferred stock may be redeemed at the option of FPL Group and any restrictions on such redemptions,
- (6) any sinking fund or other provisions that would obligate FPL Group to repurchase, redeem or retire the series of preferred stock,
- (7) the amount payable on the series of preferred stock in case of the liquidation, dissolution or winding up of FPL Group and any additional amount, or method of determining such amount, payable in case any such event is voluntary,
- (8) any rights to convert the shares of the series of preferred stock into shares of another series or into shares of any other class of capital stock,
- (9) the voting rights, if any, and
- (10) any other terms that are not inconsistent with the provisions of FPL Group's Charter.

In some cases, the issuance of preferred stock could make it difficult for another company to acquire FPL Group and make it harder to remove current management. See also "Description of FPL Group Common Stock."

There are contractual restrictions on the dividend-paying ability of FPL Group or its subsidiaries contained in outstanding financing arrangements, and may be included in future financing arrangements. FPL Group has issued equity units. In accordance with the terms of the equity units, FPL Group has the right, from time to time, to defer the payment of contract adjustment payments on the purchase contracts that form a part of the equity units to a date no later than the purchase contract settlement date. In the event that FPL Group exercises its right to defer the payment of contract adjustment payments, then, until the deferred contract adjustment payments have been paid, FPL

Group would not be able, with limited exceptions, to pay dividends on the preferred stock. FPL Group Capital has issued junior subordinated debentures that are guaranteed by FPL Group. FPL Group Capital has the right, from time to time, to defer the payment of interest on its outstanding junior subordinated debentures for a deferral period of up to 20 consecutive quarters, in the case of one series of such securities, and on one or more occasions for up to ten consecutive years, in the case of other series of such securities. FPL Group, Florida Power & Light Company or FPL Group Capital may issue, from time to time, additional equity units, junior subordinated debentures or other securities that (i) provide them with rights to defer the payment of interest or other payments and (ii) contain dividend restrictions in the event of the exercise of such rights. In the event that FPL Group or FPL Group Capital were to exercise any right to defer interest or other payments on currently outstanding or future series of equity units, junior subordinated debentures or other securities, or if there were to occur certain payment defaults on those securities, FPL Group would not be able, with limited exceptions, to pay dividends on the preferred stock during the periods in which such payments were deferred or such payment defaults continued. In the event that Florida Power & Light Company were to exercise any such right to defer the payment of interest or other payments, it would not be able, with limited exceptions, to pay dividends to FPL Group or any other holder of its common stock or preferred stock during the periods in which such payments were deferred. In addition, FPL Group, FPL Group Capital and Florida Power & Light Company might issue other securities in the future containing similar or other restrictions on FPL Group's ability to pay dividends on the preferred stock, on FPL Group Capital's ability to pay dividends to any holder of its common stock or preferred stock, including FPL Group, and on Florida Power & Light Company's ability to pay dividends to any holder of its common stock or preferred stock, including FPL Group.

Shares of preferred stock offered hereby by FPL Group will, when issued, be fully paid and non-assessable.

## **DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS**

FPL Group may issue stock purchase contracts, including contracts that obligate holders to purchase from FPL Group, and FPL Group to sell to these holders, a specified number of shares of common stock or preferred stock at a future date or dates. The consideration per share of common stock or preferred stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as a part of stock purchase units consisting of a stock purchase contract and either debt securities of FPL Group Capital, debt securities of FPL Group, preferred trust securities of one or more FPL Group subsidiary trusts or other subsidiary entities (including, but not limited to, Preferred Trust Securities (as defined herein)), or debt securities of third parties including, but not limited to, U.S. Treasury securities, that would secure the holders' obligations to purchase the common stock or preferred stock under the stock purchase contracts. The stock purchase contracts may require FPL Group to make periodic payments to the holders of some or all of the stock purchase units or vice versa, and such payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations under these stock purchase contracts in a specified manner.

A prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units being offered. The description in the prospectus supplement will not necessarily be complete, and reference will be made to the stock purchase contracts.

### **DESCRIPTION OF FPL GROUP WARRANTS**

FPL Group may issue warrants to purchase common stock or preferred stock. A prospectus supplement will describe the terms of any such warrants being offered and any related warrant agreement between FPL Group and a warrant agent.

### **DESCRIPTION OF FPL GROUP SENIOR DEBT SECURITIES**

FPL Group may issue its senior debt securities, in one or more series, under one or more Indentures between FPL Group and The Bank of New York Mellon, as trustee. The terms of any offered senior debt securities will be described in a supplement to this prospectus.

### **DESCRIPTION OF FPL GROUP SUBORDINATED DEBT SECURITIES**

FPL Group may issue its subordinated debt securities (other than the FPL Group Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee")), in one or more series, under one or more Indentures between FPL Group and The Bank of New York Mellon, as trustee. The terms of any offered subordinated debt securities will be described in a supplement to this prospectus.

### **DESCRIPTION OF FPL GROUP CAPITAL PREFERRED STOCK**

The following statements describing FPL Group Capital's preferred stock are not intended to be a complete description. For additional information, please see FPL Group Capital's Articles of Incorporation, as amended ("FPL Group Capital's Charter"), and its bylaws. You should read this summary together with the articles of amendment to FPL Group Capital's Charter, which will describe the terms of any preferred stock to be offered hereby, for a complete understanding of all the provisions. Each of these documents has previously been filed, or will be filed, with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. Reference is also made to the laws of the State of Florida.

FPL Group Capital may issue one or more series of preferred stock, \$.01 par value, without the approval of its shareholders. The FPL Group Capital Preferred Stock will be guaranteed by FPL Group as described under "Description of FPL Group Guarantee of FPL Group Capital Preferred Stock." No shares of preferred stock are presently outstanding.

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 Group Capital'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 title of that series of preferred stock,
- (2) the number of shares in the series,
- (3) the dividend rate, or how such rate will be determined, and the dividend payment dates for the series,
- (4) whether the series will be listed on a securities exchange,
- (5) the date or dates on which the series of preferred stock may be redeemed at the option of FPL Group Capital and any restrictions on such redemptions,
- (6) any sinking fund or other provisions that would obligate FPL Group Capital to repurchase, redeem or retire the series of preferred stock,

- (7) the amount payable on the series of preferred stock in case of the liquidation, dissolution or winding up of FPL Group Capital and any additional amount, or method of determining such amount, payable in case any such event is voluntary,
- (8) any rights to convert the shares of the series of preferred stock into shares of another series or into shares of any other class of capital stock,
- (9) the voting rights, if any, and
- (10) any other terms that are not inconsistent with the provisions of FPL Group Capital's Charter.

There are contractual restrictions on the dividend-paying ability of FPL Group Capital contained in outstanding financing arrangements, and may be included in future financing arrangements. FPL Group Capital has issued junior subordinated debentures that are guaranteed by FPL Group. FPL Group Capital has the right, from time to time, to defer the payment of interest on its outstanding junior subordinated debentures for a deferral period of up to 20 consecutive quarters, in the case of one series of such securities, and on one or more occasions for up to ten consecutive years, in the case of other series of such securities. FPL Group Capital may issue, from time to time, additional junior subordinated debentures or other securities that (i) provide it with rights to defer the payment of interest or other payments and (ii) contain dividend restrictions in the event of the exercise of such rights. In the event that FPL Group Capital were to exercise any right to defer interest or other payments on currently outstanding or future series of junior subordinated debentures or other securities, or if there were to occur certain payment defaults on those securities, FPL Group Capital would not be able, with limited exceptions, to pay dividends on the preferred stock during the periods in which such payments were deferred or such payment defaults continued.

Any shares of preferred stock offered hereunder by FPL Group Capital will, when issued, be fully paid and non-assessable.

## **DESCRIPTION OF FPL GROUP GUARANTEE OF FPL GROUP CAPITAL PREFERRED STOCK**

The following statements describing FPL Group's guarantee of FPL Group Capital's preferred stock are not intended to be a complete description. For additional information, please see FPL Group's guarantee agreement relating to FPL Group Capital's preferred stock. You should read this summary together with the guarantee agreement for a complete understanding of all the provisions. Please also see the Mortgage, which contains restrictions which may in certain instances limit the ability of Florida Power & Light Company to pay dividends to FPL Group. Each of these documents has previously been filed with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part.

FPL Group will fully, unconditionally and irrevocably guarantee the payment of accumulated and unpaid dividends, and payments due on liquidation or redemption, as and when due, regardless of any defense, right of set-off or counterclaim that FPL Group Capital may have or assert. FPL Group's guarantee of FPL Group Capital's preferred stock will be an unsecured obligation of FPL Group and will rank (1) subordinate and junior in right of payment to all other liabilities of FPL Group (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 Group and with any other guarantee that may be entered into by FPL Group in respect of any preferred or preference stock of any affiliate of FPL Group, and (3) senior to FPL Group's common stock. A prospectus supplement will describe the terms of FPL Group's guarantee of FPL Group Capital's preferred stock. The description will not necessarily be complete, and reference will be made to the preferred stock guarantee agreement.

While FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group's subsidiaries are separate and distinct legal entities and have no obligation to make any payments under the FPL Group guarantee of FPL Group Capital preferred stock or to make any funds available for such payment. Therefore, the FPL Group guarantee of FPL Group Capital preferred stock will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group's subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the FPL Group guarantee of FPL Group Capital preferred stock. FPL Group's guarantee of FPL Group Capital preferred stock does not place any limit on the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur. See "Description of FPL Group Common Stock—Common Stock Terms—Dividend Rights" for a description of contractual restrictions on the dividend-paying ability of some of FPL Group's subsidiaries.

## DESCRIPTION OF FPL GROUP CAPITAL SENIOR DEBT SECURITIES

**General.** FPL Group Capital may issue its debt securities (other than the FPL Group Capital Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee")), in one or more series, under an Indenture, dated as of June 1, 1999, between FPL Group Capital and The Bank of New York Mellon, as trustee. This Indenture, as it may be amended and supplemented from time to time, is referred to in this prospectus as the "Indenture." The Bank of New York Mellon, as trustee under the Indenture, is referred to in this prospectus as the "Indenture Trustee." These debt securities are referred to in this prospectus as the "Offered Senior Debt Securities."

The Indenture provides for the issuance from time to time of debentures, notes or other senior debt by FPL Group Capital in an unlimited amount. The Offered Senior Debt Securities and all other debentures, notes or other debt of FPL Group Capital issued under the Indenture are collectively referred to in this prospectus as the "Senior Debt Securities."

This section briefly summarizes some of the terms of the Offered Senior Debt Securities and some of the provisions of the Indenture. This summary does not contain a complete description of the Offered Senior Debt Securities or the Indenture. You should read this summary together with the Indenture and the officer's certificates or other documents creating the Offered Senior Debt Securities for a complete understanding of all the provisions and for the definitions of some terms used in this summary. The Indenture, the form of officer's certificate that may be used to create a series of Offered Senior Debt Securities and a form of Offered Senior Debt Securities have previously been 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 Indenture is 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.

All Offered Senior Debt Securities of one series need not be issued at the same time, and a series may be re-opened for issuances of additional Offered Senior Debt Securities of such series. This means that FPL Group Capital may from time to time, without notice to, or the consent of the existing holders of the Offered Senior Debt Securities of a particular series, create and issue additional Offered Senior Debt Securities of such series. Such additional Offered Senior Debt Securities will have the same terms as the previously-issued Offered Senior Debt Securities of such series in all respects (except for the payment of interest accruing prior to the issue date of the additional Offered Senior Debt Securities or except for the first payments of interest following the issue date of the additional Offered Senior Debt Securities) so that the additional Offered Senior Debt Securities may be consolidated and form a single series with the previously-issued Offered Senior Debt Securities of such series.

Each series of Offered Senior Debt Securities may have different terms. FPL Group Capital will include some or all of the following information about a specific series of Offered Senior Debt Securities in the particular prospectus supplement relating to that specific series of Offered Senior Debt Securities:

- (1) the title of those Offered Senior Debt Securities,
- (2) any limit upon the aggregate principal amount of those Offered Senior Debt Securities,
- (3) the date(s) on which FPL Group Capital will pay the principal of those Offered Senior Debt Securities,
- (4) the rate(s) of interest on those Offered Senior Debt Securities, or how the rate(s) of interest will be determined, the date(s) from which interest will accrue, the dates on which FPL Group Capital will pay interest and the record date for any interest payable on any interest payment date,

- (5) the person to whom FPL Group Capital will pay interest on those Offered Senior Debt Securities on any interest payment date, if other than the person in whose name those Offered Senior Debt Securities 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 Group Capital will make payments on those Offered Senior Debt Securities and the place(s) at which or methods by which the registered owners of those Offered Senior Debt Securities may transfer or exchange those Offered Senior Debt Securities and serve notices and demands to or upon FPL Group Capital,
- (7) the security registrar and any paying agent or agents for those Offered Senior Debt Securities,
- (8) any date(s) on which, the price(s) at which and the terms and conditions upon which FPL Group Capital may, at its option, redeem those Offered Senior Debt Securities, in whole or in part, and any restrictions on those redemptions,
- (9) any sinking fund or other provisions, including any options held by the registered owners of those Offered Senior Debt Securities, that would obligate FPL Group Capital to repurchase or redeem those Offered Senior Debt Securities,
- (10) the denominations in which FPL Group Capital may issue those Offered Senior Debt Securities, if other than denominations of \$1,000 and any integral multiple of \$1,000,
- (11) the currency or currencies in which FPL Group Capital may pay the principal of or premium, if any, or interest on those Offered Senior Debt Securities (if other than in U.S. dollars),
- (12) if FPL Group Capital or a registered owner may elect to pay, or receive, principal of or premium, if any, or interest on those Offered Senior Debt Securities in a currency other than that in which those Offered Senior Debt Securities are stated to be payable, the terms and conditions upon which that election may be made,
- (13) if FPL Group Capital will, or may, pay the principal of or premium, if any, or interest on those Offered Senior Debt Securities in securities or other property, the type and amount of those securities or other property and the terms and conditions upon which FPL Group Capital 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 Offered Senior Debt Securities may be determined by reference to an index or other fact or event ascertainable outside of the Indenture, the manner in which those amounts will be determined,
- (15) the portion of the principal amount of those Offered Senior Debt Securities that FPL Group Capital will pay upon declaration of acceleration of the maturity of those Offered Senior Debt Securities, if other than the entire principal amount of those Offered Senior Debt Securities,
- (16) events of default, if any, with respect to those Offered Senior Debt Securities and covenants of FPL Group Capital, if any, for the benefit of the registered owners of those Offered Senior Debt Securities, other than those specified in the Indenture,
- (17) the terms, if any, pursuant to which those Offered Senior Debt Securities may be converted into or exchanged for shares of capital stock or other securities of any other entity,
- (18) a definition of "Eligible Obligations" under the Indenture with respect to those Offered Senior Debt Securities denominated in a currency other than U.S. dollars,
- (19) any provisions for the reinstatement of FPL Group Capital's indebtedness in respect of those Offered Senior Debt Securities after their satisfaction and discharge,

- (20) if FPL Group Capital will issue those Offered Senior Debt Securities in global form, necessary information relating to the issuance of those Offered Senior Debt Securities in global form,
- (21) if FPL Group Capital will issue those Offered Senior Debt Securities as bearer securities, necessary information relating to the issuance of those Offered Senior Debt Securities as bearer securities,
- (22) any limits on the rights of the registered owners of those Offered Senior Debt Securities to transfer or exchange those Offered Senior Debt Securities or to register their transfer, and any related service charges,
- (23) any exceptions to the provisions governing payments due on legal holidays or any variations in the definition of business day with respect to those Offered Senior Debt Securities,
- (24) other than the Guarantee described under "Description of FPL Group Guarantee of FPL Group Capital Senior Debt Securities" below, any collateral security, assurance, or guarantee for those Offered Senior Debt Securities, and
- (25) any other terms of those Offered Senior Debt Securities that are not inconsistent with the provisions of the Indenture. (Indenture, Section 301).

FPL Group Capital may sell Offered Senior Debt Securities at a discount below their principal amount. Some of the important United States federal income tax considerations applicable to Offered Senior Debt Securities sold at a discount below their principal amount may be discussed in the related prospectus supplement. In addition, some of the important United States federal income tax or other considerations applicable to any Offered Senior Debt Securities that are denominated in a currency other than U.S. dollars may be discussed in the related prospectus supplement.

Except as otherwise stated in the related prospectus supplement, the covenants in the Indenture would not give registered owners of Offered Senior Debt Securities protection in the event of a highly-leveraged transaction involving FPL Group Capital or FPL Group.

**Security and Ranking.** The Offered Senior Debt Securities will be unsecured obligations of FPL Group Capital. The Indenture does not limit FPL Group Capital's ability to provide security with respect to other Senior Debt Securities. All Senior Debt Securities issued under the Indenture will rank equally and ratably with all other Senior Debt Securities issued under the Indenture, except to the extent that FPL Group Capital elects to provide security with respect to any Senior Debt Security (other than the Offered Senior Debt Securities) without providing that security to all outstanding Senior Debt Securities in accordance with the Indenture. The Offered Senior Debt Securities will rank senior to FPL Group Capital's Junior Subordinated Debentures. The Indenture does not limit FPL Group Capital's ability to issue other unsecured debt.

While FPL Group Capital is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group Capital's subsidiaries are separate and distinct legal entities and have no obligation to make any payments on the Senior Debt Securities or to make any funds available for such payment. Therefore, the Senior Debt Securities will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group Capital's subsidiaries. In addition to trade liabilities, many of FPL Group Capital's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the Senior Debt Securities. The Indenture does not place any limit on the amounts of liabilities, including debt or preferred stock, that FPL Group Capital's subsidiaries may issue, guarantee or otherwise incur.

**Payment and Paying Agents.** Except as stated in the related prospectus supplement, on each interest payment date FPL Group Capital will pay interest on each Offered Senior Debt Security to the person in whose name that Offered Senior Debt Security is registered as of the close of business on the

record date relating to that interest payment date. However, on the date that the Offered Senior Debt Securities mature, FPL Group Capital will pay the interest to the person to whom it pays the principal. Also, if FPL Group Capital has defaulted in the payment of interest on any Offered Senior Debt Security, it may pay that defaulted interest to the registered owner of that Offered Senior Debt Security:

- (1) as of the close of business on a date that the Indenture Trustee selects, which may not be more than 15 days or less than 10 days before the date that FPL Group Capital 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 Offered Senior Debt Security is listed and that the Indenture Trustee believes is acceptable. (Indenture, Section 307).

Unless otherwise stated in the related prospectus supplement, the principal, premium, if any, and interest on the Offered Senior Debt Securities at maturity will be payable when such Offered Senior Debt Securities are presented at the main corporate trust office of The Bank of New York Mellon, as paying agent, in The City of New York. FPL Group Capital may change the place of payment on the Offered Senior Debt Securities, appoint one or more additional paying agents, including itself, and remove any paying agent. (Indenture, Section 602).

**Transfer and Exchange.** Unless otherwise stated in the related prospectus supplement, Offered Senior Debt Securities may be transferred or exchanged at the main corporate trust office of The Bank of New York Mellon, as security registrar, in The City of New York. FPL Group Capital may change the place for transfer and exchange of the Offered Senior Debt Securities 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 Offered Senior Debt Securities. However, FPL Group Capital may require payment of any tax or other governmental charge in connection with any transfer or exchange of the Offered Senior Debt Securities.

FPL Group Capital will not be required to transfer or exchange any Offered Senior Debt Security selected for redemption. Also, FPL Group Capital will not be required to transfer or exchange any Offered Senior Debt Security during a period of 15 days before selection of Offered Senior Debt Securities to be redeemed. (Indenture, Section 305).

**Defeasance.** FPL Group Capital may, at any time, elect to have all of its obligations discharged with respect to all or a portion of any Senior Debt Securities. To do so, FPL Group Capital must irrevocably deposit with the 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 Senior Debt Securities, on or prior to their maturity, or
- (2) in the case of a deposit made prior to the maturity of that series of Senior Debt 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 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 Senior Debt 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 Senior Debt Securities, on or prior to their maturity. (Indenture, Section 701).

**Limitation on Liens.** So long as any Senior Debt Securities remain outstanding, FPL Group Capital will not secure any indebtedness with a lien on any shares of the capital stock of any of its majority-owned subsidiaries, which shares of capital stock FPL Group Capital now or hereafter directly owns, unless FPL Group Capital equally secures all Senior Debt Securities. However, this restriction does not apply to or prevent:

- (1) any lien on capital stock created at the time FPL Group Capital acquires that capital stock, or within 270 days after that time, to secure all or a portion of the purchase price for that capital stock,
- (2) any lien on capital stock existing at the time FPL Group Capital acquires that capital stock (whether or not FPL Group Capital assumes the obligations secured by the lien and whether or not the lien was created in contemplation of the acquisition),
- (3) any extensions, renewals or replacements of the liens described in (1) and (2) above, or of any indebtedness secured by those liens; provided, that,
  - (a) the principal amount of indebtedness secured by those liens immediately after the extension, renewal or replacement may not exceed the principal amount of indebtedness secured by those liens immediately before the extension, renewal or replacement, and
  - (b) the extension, renewal or replacement lien is limited to no more than the same proportion of all shares of capital stock as were covered by the lien that was extended, renewed or replaced, or
- (4) any lien arising in connection with court proceedings; provided, that, either
  - (a) the execution or enforcement of that lien is effectively stayed within 30 days after entry of the corresponding judgment (or the corresponding judgment has been discharged within that 30 day period) and the claims secured by that lien are being contested in good faith by appropriate proceedings,
  - (b) the payment of that lien is covered in full by insurance and the insurance company has not denied or contested coverage, or
  - (c) so long as that lien is adequately bonded, any appropriate legal proceedings that have been duly initiated for the review of the corresponding judgment, decree or order have not been fully terminated or the periods within which those proceedings may be initiated have not expired.

Liens on any shares of the capital stock of any of FPL Group Capital's majority-owned subsidiaries, which shares of capital stock FPL Group Capital now or hereafter directly owns, other than liens described in (1) through (4) above, are referred to in this prospectus as "Restricted Liens." The foregoing limitation does not apply to the extent that FPL Group Capital creates any Restricted Liens to secure indebtedness that, together with all other indebtedness of FPL Group Capital secured by Restricted Liens, does not at the time exceed 5% of FPL Group Capital's Consolidated Capitalization. (Indenture, Section 608).

For this purpose, "Consolidated Capitalization" means the sum of:

- (1) Consolidated Shareholders' Equity;
- (2) Consolidated Indebtedness for borrowed money (exclusive of any amounts which are due and payable within one year); and, without duplication
- (3) any preference or preferred stock of FPL Group Capital or any Consolidated Subsidiary which is subject to mandatory redemption or sinking fund provisions.

The term "Consolidated Shareholders' Equity" as used above means the total assets of FPL Group Capital and its Consolidated Subsidiaries less all liabilities of FPL Group Capital and its Consolidated Subsidiaries. As used in this definition, the term "liabilities" means all obligations which would, in accordance with generally accepted accounting principles, be classified on a balance sheet as liabilities, including without limitation:

- (1) indebtedness secured by property of FPL Group Capital or any of its Consolidated Subsidiaries whether or not FPL Group Capital or such Consolidated Subsidiary is liable for the payment thereof unless, in the case that FPL Group Capital or such Consolidated Subsidiary is not so liable, such property has not been included among the assets of FPL Group Capital or such Consolidated Subsidiary on such balance sheet,
- (2) deferred liabilities, and
- (3) indebtedness of FPL Group Capital or any of its Consolidated Subsidiaries that is expressly subordinated in right and priority of payment to other liabilities of FPL Group Capital or such Consolidated Subsidiary.

As used in this definition, "liabilities" includes preference or preferred stock of FPL Group Capital or any Consolidated Subsidiary only to the extent of any such preference or preferred stock that is subject to mandatory redemption or sinking fund provisions.

The term "Consolidated Indebtedness" means total indebtedness as shown on the consolidated balance sheet of FPL Group Capital and its Consolidated Subsidiaries.

The term "Consolidated Subsidiary," means at any date any direct or indirect majority-owned subsidiary whose financial statements would be consolidated with those of FPL Group Capital in FPL Group Capital's consolidated financial statements as of such date in accordance with generally accepted accounting principles. (Indenture, Section 608).

The foregoing limitation does not limit in any manner the ability of:

- (1) FPL Group Capital to place liens on any of its assets other than the capital stock of directly held, majority-owned subsidiaries,
- (2) FPL Group Capital or FPL Group to cause the transfer of its assets or those of its subsidiaries, including the capital stock covered by the foregoing restrictions,
- (3) FPL Group to place liens on any of its assets, or

- (4) any of the direct or indirect subsidiaries of FPL Group Capital or FPL Group (other than FPL Group Capital) to place liens on any of their assets.

**Consolidation, Merger, and Sale of Assets.** Under the Indenture, FPL Group Capital 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 Group Capital is merged, or the entity that acquires or leases FPL Group Capital'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 Group Capital's obligations on all Senior Debt Securities and under the Indenture,
- (2) immediately after giving effect to the transaction, no event of default under the Indenture and no event that, after notice or lapse of time or both, would become an event of default under the Indenture exists, and
- (3) FPL Group Capital delivers an officer's certificate and an opinion of counsel to the Indenture Trustee, as provided in the Indenture. (Indenture, Section 1101).

The Indenture does not restrict FPL Group Capital in a merger in which FPL Group Capital is the surviving entity.

**Events of Default.** Each of the following is an event of default under the Indenture with respect to the Senior Debt Securities of any series:

- (1) failure to pay interest on the Senior Debt Securities of that series within 30 days after it is due,
- (2) failure to pay principal or premium, if any, on the Senior Debt Securities of that series when it is due,
- (3) failure to comply with any other covenant in the Indenture, other than a covenant that does not relate to that series of Senior Debt Securities, that continues for 90 days after (i) FPL Group Capital receives written notice of such failure to comply from the Indenture Trustee, or (ii) FPL Group Capital and the Indenture Trustee receive written notice of such failure to comply from the registered owners of at least 33% in principal amount of the Senior Debt Securities of that series,
- (4) certain events of bankruptcy, insolvency or reorganization of FPL Group Capital, or
- (5) any other event of default specified with respect to the Senior Debt Securities of that series. (Indenture, Section 801).

In the case of the third event of default listed above, the Indenture Trustee may extend the grace period. In addition, if registered owners of a particular series have given a notice of default, then registered owners of at least the same percentage of Senior Debt Securities of that series, together with the Indenture Trustee, may also extend the grace period. The grace period will be automatically extended if FPL Group Capital has initiated and is diligently pursuing corrective action. (Indenture, Section 801). An event of default with respect to the Senior Debt Securities of a particular series will not necessarily constitute an event of default with respect to Senior Debt Securities of any other series issued under the Indenture.

**Remedies.** If an event of default applicable to the Senior Debt Securities of one or more series, but not applicable to all outstanding Senior Debt Securities, exists, then either (i) the Indenture Trustee or (ii) the registered owners of at least 33% in aggregate principal amount of the Senior Debt Securities of each of the affected series may declare the principal of and accrued but unpaid interest on

all the Senior Debt Securities of that series to be due and payable immediately. However, under the Indenture, some Senior Debt Securities may provide for a specified amount less than their entire principal amount to be due and payable upon that declaration. These Senior Debt Securities are defined as "Discount Securities" in the Indenture.

If the event of default is applicable to all outstanding Senior Debt Securities, then only the Indenture Trustee or the registered owners of at least 33% in aggregate principal amount of all outstanding Senior Debt Securities of all series, voting as one class, and not the registered owners of any one series, may make a declaration of acceleration. However, the event of default giving rise to the declaration relating to any series of Senior Debt 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 Group Capital deposits with the Indenture Trustee a sum sufficient to pay:
  - (a) all overdue interest on all Senior Debt Securities of that series,
  - (b) the principal of and any premium on any Senior Debt 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 then due to the Indenture Trustee under the Indenture, and
- (2) any other event of default with respect to the Senior Debt Securities of that series has been cured or waived as provided in the Indenture. (Indenture, Section 802).

Other than its obligations and duties in case of an event of default under the Indenture, the Indenture Trustee is not obligated to exercise any of its rights or powers under the Indenture at the request or direction of any of the registered owners, unless those registered owners offer reasonable indemnity to the Indenture Trustee. (Indenture, Section 903). If they provide this reasonable indemnity, the registered owners of a majority in principal amount of any series of Senior Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee, with respect to the Senior Debt Securities of that series. However, if an event of default under the Indenture relates to more than one series of Senior Debt Securities, only the registered owners of a majority in aggregate principal amount of all affected series of Senior Debt Securities, considered as one class, will have the right to make that direction. Also, the direction must not violate any law or the Indenture, and may not expose the Indenture Trustee to personal liability in circumstances where its indemnity would not, in the Indenture Trustee's sole discretion, be adequate. (Indenture, Section 812).

A registered owner of a Senior Debt Security has the right to institute a suit for the enforcement of payment of the principal of or premium, if any, or interest on that Senior Debt Security on or after the applicable due date specified in that Senior Debt Security. (Indenture, Section 808). No registered owner of Senior Debt Securities of any series will have any other right to institute any proceeding under the Indenture, or any other remedy under the Indenture, unless:

- (1) that registered owner has previously given to the Indenture Trustee written notice of a continuing event of default with respect to the Senior Debt Securities of that series,
- (2) the registered owners of a majority in aggregate principal amount of the outstanding Senior Debt Securities of all series in respect of which an event of default under the Indenture exists, considered as one class, have made written request to the Indenture Trustee, and have offered reasonable indemnity to the Indenture Trustee to institute that proceeding in its own name as trustee, and

- (3) the 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 Senior Debt Securities of all series in respect of which an event of default under the Indenture exists, considered as one class, a direction inconsistent with that request, within 60 days after that notice, request and offer. (Indenture, Section 807).

FPL Group Capital is required to deliver to the Indenture Trustee an annual statement as to its compliance with all conditions and covenants under the Indenture. (Indenture, Section 606).

**Modification and Waiver.** Without the consent of any registered owner of Senior Debt Securities, FPL Group Capital and the Indenture Trustee may amend or supplement the Indenture for any of the following purposes:

- (1) to provide for the assumption by any permitted successor to FPL Group Capital of FPL Group Capital's obligations under the Indenture and the Senior Debt Securities in the case of a merger or consolidation or a conveyance, transfer or lease of its assets substantially as an entirety,
- (2) to add covenants of FPL Group Capital or to surrender any right or power conferred upon FPL Group Capital by the Indenture,
- (3) to add any additional events of default,
- (4) to change, eliminate or add any provision of the Indenture, provided that if that change, elimination or addition will materially adversely affect the interests of the registered owners of Senior Debt Securities of any series or tranche, that change, elimination or addition will become effective with respect to that particular series or tranche only
  - (a) when the required consent of the registered owners of Senior Debt Securities of that particular series or tranche has been obtained, or
  - (b) when no Senior Debt Securities of that particular series or tranche remain outstanding under the Indenture,
- (5) to provide collateral security for all but not a part of the Senior Debt Securities,
- (6) to create the form or terms of Senior Debt 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 Indenture Trustee with respect to the Senior Debt Securities of one or more series and to change any of the provisions of the Indenture as necessary to provide for the administration of the trusts under the Indenture by more than one trustee,
- (9) to add procedures to permit the use of a non-certificated system of registration for all, or any series or tranche of, the Senior Debt Securities,
- (10) to change any place where
  - (a) the principal of and premium, if any, and interest on all, or any series or tranche of, Senior Debt Securities are payable,
  - (b) all, or any series or tranche of, Senior Debt Securities may be transferred or exchanged, and
  - (c) notices and demands to or upon FPL Group Capital in respect of Senior Debt Securities and the 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 Indenture, provided those changes or additions may not materially adversely affect the interests of the registered owners of Senior Debt Securities of any series or tranche. (Indenture, Section 1201).

The registered owners of a majority in aggregate principal amount of the Senior Debt Securities of all series then outstanding may waive compliance by FPL Group Capital with certain restrictive provisions of the Indenture. (Indenture, Section 607). The registered owners of a majority in principal amount of the outstanding Senior Debt Securities of any series may waive any past default under the 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 Indenture that cannot be modified or amended without the consent of the registered owner of each outstanding Senior Debt Security of that series affected. (Indenture, Section 813).

In addition to any amendments described above, if the Trust Indenture Act of 1939 is amended after the date of the Indenture in a way that requires changes to the 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 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 Group Capital and the Indenture Trustee may, without the consent of any registered owners, enter into supplemental indentures to make that amendment. (Indenture, Section 1201).

Except for any amendments described above, the consent of the registered owners of a majority in aggregate principal amount of the Senior Debt Securities of all series then outstanding, considered as one class, is required for all other modifications to the Indenture. However, if less than all of the series of Senior Debt 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 Senior Debt Securities of all directly affected series, considered as one class, is required. But, if FPL Group Capital issues any series of Senior Debt Securities in more than one tranche and if the proposed supplemental indenture directly affects the rights of the registered owners of Senior Debt 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 Senior Debt 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 on a Senior Debt Security is due without the consent of the registered owner of that Senior Debt Security,
- (2) reduce any Senior Debt 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 Senior Debt Security,
- (3) reduce any premium payable upon the redemption of a Senior Debt Security without the consent of the registered owner of that Senior Debt Security,
- (4) change the currency (or other property) in which a Senior Debt Security is payable without the consent of the registered owner of that Senior Debt Security,
- (5) impair the right to sue to enforce payments on any Senior Debt 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 Senior Debt Security,
- (6) reduce the percentage in principal amount of the outstanding Senior Debt Security 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 Senior Debt Security of that particular 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 Senior Debt Security of that particular series or tranche, or
- (8) modify certain of the provisions of the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the Senior Debt Securities of any series or tranche, without the consent of the registered owner of each outstanding Senior Debt Security affected by the modification.

A supplemental indenture that changes or eliminates any provision of the Indenture that has expressly been included only for the benefit of one or more particular series or tranches of Senior Debt Securities, or that modifies the rights of the registered owners of Senior Debt Securities of that particular series or tranche with respect to that provision, will not affect the rights under the Indenture of the registered owners of the Senior Debt Securities of any other series or tranche. (Indenture, Section 1202).

The Indenture provides that, in order to determine whether the registered owners of the required principal amount of the outstanding Senior Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, or whether a quorum is present at the meeting of the registered owners of Senior Debt Securities, Senior Debt Securities owned by FPL Group Capital or any other obligor upon the Senior Debt Securities or any affiliate of FPL Group Capital or of that other obligor (unless FPL Group Capital, that affiliate or that obligor owns all Senior Debt Securities outstanding under the Indenture, determined without regard to this provision) will be disregarded and deemed not to be outstanding. (Indenture, Section 101).

If FPL Group Capital solicits any action under the Indenture from registered owners of Senior Debt Securities, FPL Group Capital may, at its option, by signing a written request to the Indenture Trustee, fix in advance a record date for determining the registered owners of Senior Debt Securities entitled to take that action. However, FPL Group Capital will not be obligated to do this. If FPL Group Capital 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 Senior Debt Securities for the purposes of determining whether registered owners of the required proportion of the outstanding Senior Debt Securities have authorized that action. For these purposes, the outstanding Senior Debt Securities will be computed as of the record date. Any action of a registered owner of any Senior Debt Security under the Indenture will bind every future registered owner of that Senior Debt Security, or any Senior Debt Security replacing that Senior Debt Security, with respect to anything that the Indenture Trustee or FPL Group Capital do, fail to do, or allow to be done in reliance on that action, whether or not that action is noted upon that Senior Debt Security. (Indenture, Section 104).

**Resignation and Removal of Indenture Trustee.** The Indenture Trustee may resign at any time with respect to any series of Senior Debt Securities by giving written notice of its resignation to FPL Group Capital. Also, the registered owners of a majority in principal amount of the outstanding Senior Debt Securities of one or more series of Senior Debt Securities may remove the Indenture Trustee at any time with respect to the Senior Debt Securities of that series, by delivering an instrument evidencing this action to the Indenture Trustee and FPL Group Capital. The resignation or removal of the Indenture Trustee and the appointment of a successor trustee will not become effective until a successor trustee accepts its appointment.

Except with respect to an Indenture Trustee appointed by the registered owners of Senior Debt Securities, the Indenture Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the Indenture if:

- (1) no event of default under the Indenture or event that, after notice or lapse of time, or both, would become an event of default under the Indenture exists, and
- (2) FPL Group Capital has delivered to the Indenture Trustee a resolution of its Board of Directors appointing a successor trustee and that successor trustee has accepted that appointment in accordance with the terms of the Indenture. (Indenture, Section 910).

**Notices.** Notices to registered owners of Senior Debt Securities will be sent by mail to the addresses of those registered owners as they appear in the security register for those Senior Debt Securities. (Indenture, Section 106).

**Title.** FPL Group Capital, the Indenture Trustee, and any agent of FPL Group Capital or the Indenture Trustee, may treat the person in whose name a Senior Debt Security is registered as the absolute owner of that Senior Debt Security, whether or not that Senior Debt Security is overdue, for the purpose of making payments and for all other purposes, regardless of any notice to the contrary. (Indenture, Section 308).

**Governing Law.** The Indenture and the Senior Debt Securities will 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. (Indenture, Section 112).

## **DESCRIPTION OF FPL GROUP GUARANTEE OF FPL GROUP CAPITAL SENIOR DEBT SECURITIES**

**General.** This section briefly summarizes some of the provisions of the Guarantee Agreement, dated as of June 1, 1999, between FPL Group and The Bank of New York Mellon, as Guarantee Trustee. The Guarantee Agreement was executed for the benefit of the Indenture Trustee, which holds the Guarantee Agreement for the benefit of registered owners of the Senior Debt Securities covered by the Guarantee Agreement. This summary does not contain a complete description of the Guarantee Agreement. You should read this summary together with the Guarantee Agreement for a complete understanding of all the provisions. The Guarantee Agreement has previously been 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 Guarantee Agreement 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.

Under the Guarantee Agreement, FPL Group absolutely, irrevocably and unconditionally guarantees the prompt and full payment, when due and payable (including upon acceleration or redemption), of the principal, interest and premium, if any, on the Senior Debt Securities that are covered by the Guarantee Agreement to the registered owners of those Senior Debt Securities, according to the terms of those Senior Debt Securities and the Indenture. Pursuant to the Guarantee Agreement, all of the Senior Debt Securities are covered by the Guarantee Agreement except Senior Debt Securities that by their terms are expressly not entitled to the benefit of the Guarantee Agreement. All of the Offered Senior Debt Securities will be covered by the Guarantee Agreement. This guarantee is referred to in this prospectus as the "Guarantee." FPL Group is only required to make these payments if FPL Group Capital fails to pay or provide for punctual payment of any of those amounts on or before the expiration of any applicable grace periods. (Guarantee Agreement, Section 5.01). In the Guarantee Agreement, FPL Group has waived its right to require the Guarantee Trustee, the Indenture Trustee or the registered owners of Senior Debt Securities covered by the Guarantee Agreement to exhaust their remedies against FPL Group Capital prior to bringing suit against FPL Group. (Guarantee Agreement, Section 5.06).

The Guarantee is a guarantee of payment when due (i.e., the guaranteed party may institute a legal proceeding directly against FPL Group to enforce its rights under the Guarantee Agreement without first instituting a legal proceeding against any other person or entity). The Guarantee is not a guarantee of collection. (Guarantee Agreement, Section 5.01).

Except as otherwise stated in the related prospectus supplement, the covenants in the Guarantee Agreement would not give registered owners of the Senior Debt Securities covered by the Guarantee Agreement protection in the event of a highly-leveraged transaction involving FPL Group.

**Security and Ranking.** The Guarantee is an unsecured obligation of FPL Group and will rank equally and ratably with all other unsecured and unsubordinated indebtedness of FPL Group. The Guarantee will rank senior to the Preferred Trust Securities Guarantee, the Subordinated Guarantee and the FPL Group Junior Subordinated Debentures (each as defined below) and FPL Group's guarantee of FPL Group Capital's preferred stock. There is no limit on the amount of other indebtedness, including guarantees, that FPL Group may incur or issue.

While FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group's subsidiaries are separate and distinct legal entities and have no obligation to make any payments under the Guarantee Agreement or to make any funds available for such payment. Therefore, the Guarantee effectively is subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group's subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the

Guarantee. Neither the Indenture nor the Guarantee Agreement places any limit on the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur.

**Events of Default.** An event of default under the Guarantee Agreement will occur upon the failure of FPL Group to perform any of its payment obligations under the Guarantee Agreement. (Guarantee Agreement, Section 1.01). The registered owners of a majority of the aggregate principal amount of the outstanding Senior Debt Securities covered by the Guarantee Agreement have the right to:

- (1) direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee under the Guarantee Agreement, or
- (2) direct the exercise of any trust or power conferred upon the Guarantee Trustee under the Guarantee Agreement. (Guarantee Agreement, Section 3.01).

The Guarantee Trustee must give notice of any event of default under the Guarantee Agreement known to the Guarantee Trustee to the registered owners of Senior Debt Securities covered by the Guarantee Agreement within 90 days after the occurrence of that event of default, in the manner and to the extent provided in subsection (c) of Section 313 of the Trust Indenture Act of 1939, unless such event of default has been cured or waived prior to the giving of such notice. (Guarantee Agreement, Section 2.07). The registered owners of all outstanding Senior Debt Securities may waive any past event of default and its consequences. (Guarantee Agreement, Section 2.06).

The Guarantee Trustee, the Indenture Trustee and the registered owners of Senior Debt Securities covered by the Guarantee Agreement have all of the rights and remedies available under applicable law and may sue to enforce the terms of the Guarantee Agreement and to recover damages for the breach of the Guarantee Agreement. The remedies of each of the Guarantee Trustee, the Indenture Trustee and the registered owners of Senior Debt Securities covered by the Guarantee Agreement, to the extent permitted by law, are cumulative and in addition to any other remedy now or hereafter existing at law or in equity. At the option of any of the Guarantee Trustee, the Indenture Trustee or the registered owners of Senior Debt Securities covered by the Guarantee Agreement, that person or entity may join FPL Group in any lawsuit commenced by that person or entity against FPL Group Capital with respect to any obligations under the Guarantee Agreement. Also, that person or entity may recover against FPL Group in that lawsuit, or in any independent lawsuit against FPL Group, without first asserting, prosecuting or exhausting any remedy or claim against FPL Group Capital. (Guarantee Agreement, Section 5.06).

FPL Group is required to deliver to the Guarantee Trustee an annual statement as to its compliance with all conditions under the Guarantee Agreement. (Guarantee Agreement, Section 2.04).

**Modification.** FPL Group and the Guarantee Trustee may, without the consent of any registered owner of Senior Debt Securities covered by the Guarantee Agreement, agree to any changes to the Guarantee Agreement that do not materially adversely affect the rights of registered owners. The Guarantee Agreement also may be amended with the prior approval of the registered owners of a majority in aggregate principal amount of all outstanding Senior Debt Securities covered by the Guarantee Agreement. However, the right of any registered owner of Senior Debt Securities covered by the Guarantee Agreement to receive payment under the Guarantee Agreement on the due date of the Senior Debt Securities held by that registered owner, or to institute suit for the enforcement of that payment on or after that due date, may not be impaired or affected without the consent of that registered owner. (Guarantee Agreement, Section 6.01).

**Termination of the Guarantee Agreement.** The Guarantee Agreement will terminate and be of no further force and effect upon full payment of all Senior Debt Securities covered by the Guarantee Agreement. (Guarantee Agreement, Section 5.05).

**Governing Law.** The Guarantee Agreement will 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. (Guarantee Agreement, Section 5.07).

#### **DESCRIPTION OF FPL GROUP CAPITAL SUBORDINATED DEBT SECURITIES AND FPL GROUP SUBORDINATED GUARANTEE**

FPL Group Capital may issue its subordinated debt securities (other than the FPL Group Capital Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee")), in one or more series, under one or more Indentures, between FPL Group Capital and The Bank of New York Mellon, as trustee. The terms of any offered subordinated debt securities, including FPL Group's guarantee of FPL Group Capital's payment obligations under such subordinated debt securities, will be described in a supplement to this prospectus.

## DESCRIPTION OF PREFERRED TRUST SECURITIES

**General.** The Trust may issue preferred trust securities and common trust securities under the Trust Agreement. The Trust Agreement pursuant to which the preferred trust securities of FPL Group Capital Trust will be issued is herein referred to as the "FPL Group Capital Trust Agreement," and the Trust Agreement pursuant to which preferred trust securities of FPL Group Trust will be issued is herein referred to as the "FPL Group Trust Agreement;" each of these agreements is referred to in this prospectus as the "Trust Agreement." The terms of the FPL Group Capital Trust Agreement and the FPL Group Trust Agreement are substantially the same. The 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. Unless otherwise specified in a prospectus supplement in connection with the issuance of Trust Securities by FPL Group Capital Trust, the related FPL Group Capital Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee") will be held by FPL Group Capital Trust, and in connection with the issuance of Trust Securities by FPL Group Trust, the related FPL Group Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee") will be held by FPL Group Trust. 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 previously been 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 FPL Group Capital Trust, FPL Group Trust, Preferred Trust Securities and Common Trust Securities relate only to the applicable Trust. Holders of Preferred Trust Securities of FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II will be entitled to any of the benefits and protections contained in the Trust Agreement and the applicable 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 under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee—General"), the right of FPL Group, 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 Group. (Trust Agreement, Section 5.10).

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (1) with respect to the Preferred Trust Securities issued by FPL Group Capital Trust only, FPL Group's guarantee of FPL Group Capital's payment obligations under the FPL Group Capital Junior Subordinated Debentures (referred to in this prospectus as the "Subordinated Guarantee");
- (2) with respect to the Preferred Trust Securities issued by FPL Group Trust only, FPL Group's obligations under the FPL Group Junior Subordinated Debentures;

- (3) the rights of holders of Preferred Trust Securities to enforce those obligations in (1) and (2) above, as applicable;
- (4) FPL Group's agreement to pay the expenses of the Trust; and
- (5) FPL Group's guarantee (the "Preferred Trust Securities Guarantee") of payments due on the Preferred Trust Securities to the extent of the Trust's legally available assets.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL Group of the Preferred Trust Securities. It is only the combined operation of these rights and obligations that has the effect of providing a full and unconditional, but subordinated, guarantee as to payment by FPL Group of the Preferred Trust Securities.

FPL Group Capital Trust will use the proceeds from its sale of the Trust Securities to purchase FPL Group Capital Junior Subordinated Debentures, and FPL Group Trust will use the proceeds from its sale of the Trust Securities to purchase FPL Group Junior Subordinated Debentures. (Trust Agreement, Section 2.05). The FPL Group Capital Junior Subordinated Debentures will be guaranteed by FPL Group pursuant to the Subordinated Guarantee described below and issued under an Indenture, dated as of March 1, 2004, among FPL Group Capital, FPL Group and The Bank of New York Mellon, as trustee, or another subordinated indenture among FPL Group Capital, FPL Group and The Bank of New York Mellon as specified in the related prospectus supplement. The FPL Group Junior Subordinated Debentures will be issued under a subordinated indenture between FPL Group and The Bank of New York Mellon, as trustee. In connection with the issuance of Trust Securities, the Junior Subordinated Debentures (as defined below under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee") 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 issued in connection therewith. 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 FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee" 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 neither FPL Group Capital nor FPL Group makes interest payments on the FPL Group Capital Junior Subordinated Debentures, or if FPL Group does not make interest payments on the FPL Group Junior Subordinated Debentures, as the case may be, 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 Group as described under "Description of Preferred Trust Securities Guarantee."

If so specified in the related prospectus supplement, the issuer of the Junior Subordinated Debentures will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods, in which case, if the Junior Subordinated Debentures were issued in connection with Preferred Trust Securities, distributions on the Preferred Trust Securities would be deferred during any such period. Unless otherwise provided in the related prospectus supplement, distributions would, however, continue to accumulate. (Trust Agreement, Section 4.01). Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a payment default or a payment default under the Preferred Trust Securities Guarantee has occurred and is continuing, neither FPL Group nor FPL Group Capital, with respect to deferral of the

payment of interest on the FPL Group Capital Junior Subordinated Debentures, nor FPL Group, with respect to the deferral of the payment of interest on the FPL Group Junior Subordinated Debentures, may:

- (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 the Subordinated Guarantee (as the case may be); 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 or the Subordinated Guarantee (as the case may be),

other than

- (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
- (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) payments under any preferred trust securities guarantee or guarantee of subordinated debentures executed and delivered by FPL Group concurrently with the issuance by a Trust of any preferred trust securities, so long as the amount of payments made with respect to any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full;
- (g) payments under any guarantee of junior subordinated debentures executed and delivered by FPL Group (including a FPL Group Subordinated Guarantee), so long as the amount of payments made on any junior subordinated debentures is paid on all junior

subordinated debentures then outstanding on a pro rata basis in proportion to the full payment to which each series of junior subordinated debentures is then entitled if paid in full;

- (h) dividends or distributions by FPL Group Capital on its capital stock to the extent owned by FPL Group; or
- (i) redemptions, purchases, acquisitions or liquidation payments by FPL Group Capital with respect to its capital stock to the extent owned by FPL Group.

The exceptions in clauses (h) and (i) above are not applicable to an optional deferral period on the FPL Group Junior Subordinated Debentures.

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL Group Capital or FPL Group, as the case may be, may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL Group Capital or FPL Group, as the case may be, may select a new optional deferral period. No interest period may be deferred 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 Group 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 laws, FPL Group 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 related 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 related 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 Group;
- (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 Group. (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 Group, 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 related 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 related 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 Group 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 Group 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 related 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 Group as the holder of the Common Trust Securities. (Trust Agreement, Section 8.10).

**Voting Rights.** Except as provided below and under "Description of 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 FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee—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 related 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 related 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 Group or FPL Group Capital, as the case may be, 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 Group Capital, FPL Group, 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 Group, 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 Group 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 Group or FPL Group Capital or any affiliate of either of them, 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 Group 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, FPL Group and, in the case of Preferred Trust Securities issued by FPL Group Capital Trust, FPL Group Capital. The paying agent may resign upon 30 days' written notice to the Administrative Trustees, the Property Trustee, FPL Group and, in the case of Preferred Trust Securities issued by FPL Group Capital Trust, FPL Group Capital. 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 Group reasonably acceptable to the Property Trustee, FPL Group, and, in the case of Preferred Trust Securities issued by FPL Group Capital Trust, FPL Group Capital, 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) in the case of FPL Group Capital Trust, the FPL Group Capital Junior Subordinated Debentures will be treated as indebtedness of FPL Group Capital for United States federal income tax purposes and, in the case of FPL Group Trust, the FPL Group Junior Subordinated Debentures will be treated as indebtedness of FPL Group for United States federal income tax purposes.

In this regard, FPL Group 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 Group 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 PREFERRED TRUST SECURITIES GUARANTEE

**General.** This section briefly summarizes some of the provisions of the Preferred Trust Securities Guarantee Agreement that FPL Group will execute and deliver for the benefit of the holders of the Preferred Trust Securities issued by FPL Group Capital Trust and FPL Group 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 previously been 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 Mellon 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 Group 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 Group's obligation to make a guarantee payment may be satisfied by either making a direct payment of the required amounts by FPL Group 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 neither FPL Group Capital nor FPL Group makes interest payments on the FPL Group Capital Junior Subordinated Debentures held by a Trust and if FPL Group does not make interest payments on the FPL Group Junior Subordinated Debentures held by a Trust, in each case the applicable Trust will not have funds available to pay distributions on the Preferred Trust Securities.

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (1) with respect to the Preferred Trust Securities issued by FPL Group Capital Trust only, the Subordinated Guarantee;
- (2) with respect to the Preferred Trust Securities issued by FPL Group Trust only, FPL Group's obligations under the FPL Group Junior Subordinated Debentures;
- (3) the rights of holders of Preferred Trust Securities to enforce those obligations in (1) and (2) above, as applicable;
- (4) FPL Group's agreement to pay the expenses of the Trust; and
- (5) the Preferred Trust Securities Guarantee.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL Group of the Preferred Trust Securities. It is only the combined operation of these rights and obligations that has the effect of providing a full and unconditional, but subordinated, guarantee as to payment by FPL Group 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 Group.

**Security and Ranking.** The Preferred Trust Securities Guarantee will be an unsecured obligation of FPL Group and will rank:

- (1) subordinate and junior in right of payment to all other liabilities of FPL Group, including the Subordinated Guarantee and the Senior Debt Securities Guarantee (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 Group and with any guarantee that may be entered into by FPL Group in respect of any preferred or preference stock of any affiliate of FPL Group; and
- (3) senior to FPL Group 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 Group 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 Group 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).

While FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group's subsidiaries are separate and distinct legal entities and have no obligation to make any payments under the Preferred Trust Securities Guarantee or to make any funds available for such payment. Therefore, the Preferred Trust Securities Guarantee will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group's subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the Preferred Trust Securities Guarantee. Neither the Subordinated Indenture nor the Preferred Trust Securities Guarantee Agreement places any limit on the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur. See "Description of FPL Group Common Stock—Common Stock Terms—Dividend Rights" for a description of contractual restrictions on the dividend-paying ability of some of FPL Group's subsidiaries.

**Events of Default.** An event of default under the Preferred Trust Securities Guarantee Agreement will occur upon failure of FPL Group 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 Group 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 Group 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 Group 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 FPL GROUP AND FPL GROUP CAPITAL  
JUNIOR SUBORDINATED DEBENTURES AND  
FPL GROUP SUBORDINATED GUARANTEE**

**General.** The junior subordinated debentures issued by FPL Group Capital are referred to in this prospectus as the "FPL Group Capital Junior Subordinated Debentures." The junior subordinated debentures issued by FPL Group are referred to in this prospectus as the "FPL Group Junior Subordinated Debentures," and, together with the FPL Group Capital Junior Subordinated Debentures, are referred to as the "Junior Subordinated Debentures." The FPL Group Capital Junior Subordinated Debentures will be issued by FPL Group Capital in one or more series under an Indenture, dated as of March 1, 2004, among FPL Group Capital, FPL Group and The Bank of New York Mellon, as trustee, an Indenture, dated as of September 1, 2006, among FPL Group Capital, FPL Group and The Bank of New York Mellon, as trustee, or another subordinated indenture among FPL Group Capital, FPL Group and The Bank of New York Mellon as specified in the related prospectus supplement. The indenture or indentures pursuant to which FPL Group Capital Junior Subordinated Debentures may be issued, as they may be amended from time to time, are referred to in this prospectus as the "FPL Group Capital Subordinated Indenture." The indenture or indentures pursuant to which FPL Group Junior Subordinated Debentures may be issued, as they may be amended from time to time, are referred to in this prospectus as the "FPL Group Subordinated Indenture." The FPL Group Junior Subordinated Debentures will be issued by FPL Group in one or more series under an indenture or indentures between FPL Group and The Bank of New York Mellon, as trustee. Each of the FPL Group Capital Subordinated Indenture and the FPL Group Subordinated Indenture, as each may be amended and supplemented from time to time, is referred to in this prospectus as the "Subordinated Indenture." The Bank of New York Mellon, as trustee under each 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, the Subordinated Guarantee applicable to the FPL Group Capital 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, the Subordinated Guarantee or the Subordinated Indenture. You should read this summary together with the Subordinated Indenture and the officer's certificates or other documents creating the Junior Subordinated Debentures and the Subordinated Guarantee for a complete understanding of all the provisions and for the definitions of some terms used in this summary. The Subordinated Indenture (which, in the case of the FPL Group Capital Subordinated Indenture, contains the Subordinated Guarantee), the forms of officer's certificate that may be used to create a series of Junior Subordinated Debentures and the forms of the Junior Subordinated Debentures have previously been filed with the SEC, and are exhibits to the registration statement. In addition, each 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.

Each issue of the FPL Group Capital Junior Subordinated Debentures and the FPL Group Junior Subordinated Debentures will constitute a separate series under the respective Subordinated Indenture.

In connection with the issuance of Trust Securities, the aggregate principal amount of each series will be limited to the sum of the aggregate liquidation preference amount of the related Preferred Trust Securities and the consideration paid by FPL Group for the related Common Trust Securities. The Property Trustee will hold the FPL Group Capital Junior Subordinated Debentures on behalf of FPL

Group Capital Trust, or will hold the FPL Group Junior Subordinated Debentures on behalf of FPL Group Trust, as the case may be, as trust assets.

All FPL Group Capital Junior Subordinated Debentures of one series need not be issued at the same time, and a series may be re-opened for issuances of additional FPL Group Capital Junior Subordinated Debentures of such series. This means that FPL Group Capital may from time to time, without notice to, or the consent of the existing holders of the FPL Group Capital Junior Subordinated Debentures of a particular series, create and issue additional FPL Group Capital Junior Subordinated Debentures of such series. Such additional FPL Group Capital Junior Subordinated Debentures will have the same terms as the previously-issued FPL Group Capital Junior Subordinated Debentures of such series in all respects (except for the payment of interest accruing prior to the issue date of the additional FPL Group Capital Junior Subordinated Debentures or except for the first payments of interest following the issue date of the additional FPL Group Capital Junior Subordinated Debentures) so that the additional FPL Group Capital Junior Subordinated Debentures may be consolidated and form a single series with the previously-issued FPL Group Capital Junior Subordinated Debentures of such series.

Similarly, all FPL Group Junior Subordinated Debentures of one series need not be issued at the same time, and a series may be re-opened for issuances of additional FPL Group Junior Subordinated Debentures of such series, in the manner described in the paragraph above with respect to FPL Group Capital Junior Subordinated Debentures.

The FPL Group Capital Junior Subordinated Debentures will be unsecured, subordinated obligations of FPL Group Capital which rank junior to all of FPL Group Capital's Senior Indebtedness. The FPL Group Junior Subordinated Debentures will be unsecured, subordinated obligations of FPL Group which rank junior to all of FPL Group's Senior Indebtedness. The term "Senior Indebtedness" with respect to FPL Group Capital or FPL Group, as the case may be, will be defined in the related prospectus supplement. All Junior Subordinated Debentures issued under a particular Subordinated Indenture will rank equally and ratably with all other Junior Subordinated Debentures issued under that Subordinated Indenture, except to the extent that FPL Group Capital or FPL Group, as the case may be, elects to provide security with respect to any series of Junior Subordinated Debentures without providing that security to all outstanding Junior Subordinated Debentures in accordance with the respective Subordinated Indenture. Junior Subordinated Debentures issued under a particular Subordinated Indenture may rank senior to, pari passu with, or junior to, Junior Subordinated Debentures issued by the same issuer under another Subordinated Indenture. The FPL Group Capital Junior Subordinated Debentures will be unconditionally guaranteed by FPL Group as to payment of principal, and any interest and premium, pursuant to a Subordinated Guarantee of FPL Group, included in the Subordinated Indenture for such FPL Group Capital Junior Subordinated Debentures, which Subordinated Guarantee ranks junior to all of FPL Group's Senior Indebtedness, and may rank senior to, pari passu with, or junior to, FPL Group's obligations under a separate Subordinated Guarantee. See "—Subordinated Guarantee of FPL Group Capital Junior Subordinated Debentures" below.

Although the FPL Group Capital Junior Subordinated Debentures and the FPL Group Junior Subordinated Debentures are discussed together in this section of the prospectus, FPL Group will have no obligation with respect to the FPL Group Capital Junior Subordinated Debentures except in connection with the Subordinated Guarantee, and FPL Group Capital will have no obligation with respect to the FPL Group Junior Subordinated Debentures.

Each series of Junior Subordinated Debentures that may be issued under each Subordinated Indenture may have different terms. FPL Group Capital or FPL Group, as the case may be, will include some or all of the following information about a specific series of Junior Subordinated

**Debentures in the particular prospectus supplement relating to that specific series of 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 the principal will be paid,
- (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 interest will be paid and the record date for any interest payable on any interest payment date,
- (5) the person to whom interest will be paid 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 payments will be made 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 Group Capital or FPL Group, as the case may be,
- (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 those Junior Subordinated Debentures may be redeemed at the option of the issuer, in whole or in part, and any restrictions on those redemptions,
- (9) any sinking fund or other provisions, including any options held by the registered owners of those Junior Subordinated Debentures, that would obligate the issuer to repurchase or redeem those Junior Subordinated Debentures,
- (10) the denominations in which those Junior Subordinated Debentures may be issued, if other than denominations of \$25 and any integral multiple of \$25,
- (11) the currency or currencies in which the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid (if other than in U.S. dollars),
- (12) if FPL Group Capital, or FPL Group, as the case may be, 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 the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid in securities or other property, the type and amount of those securities or other property and the terms and conditions upon which FPL Group Capital, or FPL Group, as the case may be, 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 will be paid by the issuer 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) events of default, if any, with respect to those Junior Subordinated Debentures and covenants, if any, of FPL Group Capital, or FPL Group, as the case may be, 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,
- (19) any provisions for the reinstatement of the issuer's indebtedness in respect of those Junior Subordinated Debentures after their satisfaction and discharge,
- (20) if those Junior Subordinated Debentures will be issued in global form, necessary information relating to the issuance of those Junior Subordinated Debentures in global form,
- (21) if those Junior Subordinated Debentures will be issued as bearer securities, necessary information relating to the issuance of those Junior Subordinated Debentures as bearer securities,
- (22) 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,
- (23) 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,
- (24) any collateral security, assurance, or guarantee for those Junior Subordinated Debentures (including, with respect to the FPL Group Capital Junior Subordinated Debentures, any security, assurance of guarantee in addition to, or any exceptions to, the Subordinated Guarantee described under "—Subordinated Guarantee of FPL Group Capital Junior Subordinated Debentures" below),
- (25) if the Junior Subordinated Debentures are issued in connection with the issuance of Trust Securities, the designation of the trust to which the Junior Subordinated Debentures are to be issued,
- (26) any variation in the definition of pari passu securities, if applicable,
- (27) the terms relating to any additional interest that may be payable as a result of any tax, assessment or governmental charges, and
- (28) 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 Group Capital, in the case of the FPL Group Capital Junior Subordinated Debentures, or FPL Group.

**Subordination.**

- The FPL Group Capital Junior Subordinated Debentures will be subordinate and junior in right of payment to all Senior Indebtedness of FPL Group Capital. (FPL Group Capital Subordinated

Indenture, Article Fifteen). No payment of the principal (including redemption and sinking fund payments) of, or interest, or premium, if any, on the FPL Group Capital Junior Subordinated Debentures may be made by FPL Group Capital, until all holders of Senior Indebtedness of FPL Group Capital have been paid in full (or provision has been made for such payment), and

- the FPL Group Junior Subordinated Debentures will be subordinate and junior in right of payment to all Senior Indebtedness of FPL Group (FPL Group Subordinated Indenture, Article Fourteen). No payment of the principal (including redemption and sinking fund payments) of, or interest, or premium, if any, on the FPL Group Junior Subordinated Debentures may be made by FPL Group until all holders of Senior Indebtedness of FPL Group have been paid in full (or provision has been made for such payment),

if, in either case, any of the following occurs:

- (1) certain events of bankruptcy, insolvency or reorganization of FPL Group Capital or FPL Group, as the case may be;
- (2) any Senior Indebtedness of FPL Group Capital, or of FPL Group, as the case may be, 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 Group Capital, or FPL Group, as the case may be, are permitted to accelerate the maturity of such Senior Indebtedness. (FPL Group Capital Subordinated Indenture, Section 1502; FPL Group Subordinated Indenture, Section 1402).

Upon any distribution of assets of FPL Group Capital, or of FPL Group, as the case may be, 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 Group Capital, or of FPL Group, as the case may be, must be paid in full before the holders of the Junior Subordinated Debentures are entitled to receive or retain any payment from such distribution. (FPL Group Capital Subordinated Indenture, Section 1502; FPL Group Subordinated Indenture, Section 1402).

While FPL Group Capital is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group Capital's subsidiaries are separate and distinct legal entities and have no obligation to make any payments on the FPL Group Capital Subordinated Indenture Securities or to make any funds available for such payment. Therefore, FPL Group Capital Subordinated Indenture Securities will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group Capital's subsidiaries. In addition to trade liabilities, many of FPL Group Capital's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the FPL Group Capital Subordinated Indenture Securities. The FPL Group Capital Subordinated Indenture does not place any limit on the amount of liabilities, including debt or preferred stock, that FPL Group Capital's subsidiaries may issue, guarantee or otherwise incur. See "Description of FPL Group Common Stock—Common Stock Terms—Dividend Rights" for a description of contractual restrictions on the dividend-paying ability of FPL Group Capital.

While FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group's subsidiaries are separate and distinct legal entities and, other than FPL Group Capital, have no obligation to make any payments on the FPL Group Subordinated Indenture Securities or to make any funds available for such payment. Therefore, FPL Group Subordinated Indenture Securities will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group's

subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the FPL Group Subordinated Indenture Securities. The FPL Group Subordinated Indenture does not place any limit on the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur. See "Description of FPL Group Common Stock—Common Stock Terms—Dividend Rights" for a description of contractual restrictions on the dividend-paying ability of some of FPL Group's subsidiaries.

**Subordinated Guarantee of FPL Group Capital Junior Subordinated Debentures.** Pursuant to the Subordinated Guarantee, FPL Group will unconditionally and irrevocably guarantee the payment of principal of and any interest and premium, if any, on the FPL Group Capital Junior Subordinated Debentures, when due and payable, whether at the stated maturity date, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of such FPL Group Capital Junior Subordinated Debentures and the FPL Group Capital Subordinated Indenture. The Subordinated Guarantee will remain in effect until the entire principal of and any premium, if any, and interest on the FPL Group Capital Junior Subordinated Debentures has been paid in full or otherwise discharged in accordance with the provisions of the FPL Group Capital Subordinated Indenture. (FPL Group Capital Subordinated Indenture, Article Fourteen).

The Subordinated Guarantee will be subordinate and junior in right of payment to all Senior Indebtedness of FPL Group. (FPL Group Capital Subordinated Indenture, Section 1402). No payment of the principal (including redemption and sinking fund payments) of, or interest, or premium, if any, on, the FPL Group Capital Junior Subordinated Debentures may be made by FPL Group under the Subordinated Guarantee until all holders of Senior Indebtedness of FPL Group 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 Group;
- (2) any Senior Indebtedness of FPL Group 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 Group are permitted to accelerate the maturity of such Senior Indebtedness. (FPL Group Capital Subordinated Indenture, Section 1403).

Upon any distribution of assets of FPL Group 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 Group must be paid in full before the holders of the FPL Group Capital Junior Subordinated Debentures are entitled to receive or retain any payment from such distribution. (FPL Group Capital Subordinated Indenture, Section 1403).

While FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries, FPL Group's subsidiaries are separate and distinct legal entities and have no obligation to make any payments under the Subordinated Guarantee or to make any funds available for such payment. Therefore, the Subordinated Guarantee will effectively be subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by FPL Group's subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will effectively be senior to the Subordinated Guarantee. The FPL Group Capital Subordinated Indenture does not place any limit on the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur. See "Description of FPL Group Common Stock—Common Stock Terms—Dividend Rights" for a description of contractual restrictions on the dividend-paying ability of some of FPL Group's subsidiaries.

**Payment and Paying Agents.** Except as stated in the related prospectus supplement, on each interest payment date FPL Group Capital, or FPL Group, as the case may be, 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 Group Capital, or FPL Group, as the case may be, will pay the interest to the person to whom it pays the principal. Also, if FPL Group Capital, or FPL Group, as the case may be, 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 Group Capital, or FPL Group, as the case may be, 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 Mellon, as paying agent, in The City of New York. FPL Group Capital and FPL Group with respect to the FPL Group Capital Junior Subordinated Debentures and FPL Group with respect to the FPL Group Junior Subordinated Debentures 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 Mellon, as security registrar, in The City of New York. FPL Group Capital, or FPL Group, as the case may be, 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 Group Capital, or FPL Group, as the case may be, may require payment of any tax or other governmental charge in connection with any transfer or exchange of the Junior Subordinated Debentures.

FPL Group Capital, or FPL Group, as the case may be, will not be required to transfer or exchange any Junior Subordinated Debenture selected for redemption. Also, FPL Group Capital, or FPL Group, as the case may be, 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 issued in connection with the issuance of Trust Securities and are subsequently 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 Group Capital and FPL Group may, at any time, elect to have all of their obligations discharged with respect to all or a portion of any Subordinated Indenture Securities of FPL Group Capital. FPL Group may, at any time, elect to have all of its obligations discharged with respect to all or a portion of any Subordinated Indenture Securities of FPL Group. To do so, FPL Group

Capital or FPL Group, with respect to FPL Group Capital Junior Subordinated Debentures, or FPL Group with respect to the FPL Group Junior Subordinated Debentures, 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 Defer Interest Payments.** If so specified in the related prospectus supplement, FPL Group Capital, or FPL Group, as the case may be, will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods. In the event the Junior Subordinated Debentures are issued in connection with Preferred Trust Securities and FPL Group Capital, or FPL Group, as the case may be, decides to exercise the option to defer the payment of interest as provided in the related prospectus supplement, distributions on the Preferred Trust Securities would be deferred during any optional deferral period. Interest would, however, continue to accrue on the Junior Subordinated Debentures. Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a payment default (or a payment default under the Preferred Trust Securities Guarantee if the Junior Subordinated Debentures are issued in connection with Preferred Trust Securities) has occurred and is continuing, neither FPL Group nor FPL Group Capital, with respect to FPL Group Capital Junior Subordinated Debentures, or FPL Group, with respect to FPL Group Junior Subordinated Debentures may:

- (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 with the Subordinated Guarantee if FPL Group Capital Junior Subordinated Debentures are issued; 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 or the Subordinated Guarantee if FPL Group Capital Junior Subordinated Debentures are issued,

other than

- (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
- (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) payments under any preferred trust securities guarantee or guarantee of subordinated debentures executed and delivered by FPL Group concurrently with the issuance by a Trust of any preferred trust securities, so long as the amount of payments made with respect to any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full;
- (g) payments under any guarantee of junior subordinated debentures executed and delivered by FPL Group (including a FPL Group Subordinated Guarantee), so long as the amount of payments made on any junior subordinated debentures is paid on all junior subordinated debentures then outstanding on a pro rata basis in proportion to the full payment to which each series of junior subordinated debentures is then entitled if paid in full;
- (h) dividends or distributions by FPL Group Capital on its capital stock to the extent owned by FPL Group; or
- (i) redemptions, purchases, acquisitions or liquidation payments by FPL Group Capital with respect to its capital stock to the extent owned by FPL Group. (Subordinated Indenture, Section 608).

The exceptions in clauses (h) and (i) above are not applicable to an optional deferral period on the FPL Group Junior Subordinated Debentures.

FPL Group and FPL Group Capital have reserved the right to amend the FPL Group Capital Subordinated Indenture, dated as of September 1, 2006, without the consent or action of the holders of any Subordinated Indenture Securities issued after October 1, 2006, including the Junior Subordinated Debentures, to modify the exceptions to the restrictions described in clause (f) above to allow payments with respect to any preferred trust securities or debt securities, or any guarantee thereof (including the Subordinated Guarantee), executed and delivered by FPL Group, FPL Group Capital or any of their subsidiaries, in each case that rank equal in right of payment to such junior subordinated debentures or the related guarantee, as the case may be, so long as the amount of payments made on account of such securities or guarantees is paid on all such securities or guarantees then outstanding on a pro rata basis in proportion to the full payment to which each series of such securities or guarantees is then entitled if paid in full.

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL Group Capital, or FPL Group, as the case may be, may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL Group Capital, or FPL Group, as the case may be, may select a new optional deferral period. Unless otherwise provided in the related prospectus supplement, no optional deferral period may exceed the period of time specified in that prospectus supplement. No interest period may be deferred beyond the maturity of the Junior Subordinated Debentures. If the Junior Subordinated Debentures are issued in connection with Preferred Trust Securities, FPL Group Capital, or FPL Group, as the case may be, will give the Trust and the Subordinated Indenture Trustee notice of its election of an optional deferral 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 Group Capital, or FPL Group, as the case may be, did not make the election to defer 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.** If the Junior Subordinated Debentures are issued in connection with the issuance of Trust Securities and 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, so long as any Preferred Trust Securities remain outstanding, FPL Group Capital, or FPL Group, as the case may be, 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 if such taxes, duties, assessments or other governmental charges had not been imposed. (Subordinated Indenture, Section 313).

**Redemption.** 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 Group Capital, or FPL Group, as the case may be, 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, neither FPL Group Capital nor FPL Group, in the case of FPL Group Capital Junior Subordinated Debentures, nor FPL Group, in the case of FPL Group Junior Subordinated Debentures, will be required to redeem such Junior Subordinated Debentures. (Subordinated Indenture, Section 404).

If the Junior Subordinated Debentures are issued in connection with the issuance of Trust Securities, 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)).

Subject to applicable law, including United States federal securities laws, FPL Group or its affiliates, including FPL Group Capital, 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 FPL Group Capital Subordinated Indenture, neither FPL Group Capital nor FPL Group may, and under the FPL Group Subordinated Indenture, FPL Group 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 Group Capital or FPL Group, as the case may be, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, is merged, or the entity that acquires or leases FPL Group Capital's or FPL Group's, as the case may be, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group's, in the case of the FPL Group Subordinated Indenture, 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 Group Capital's or FPL Group's, as the case may be, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group's, in the case of the FPL Group Subordinated Indenture, 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 Group Capital or FPL Group, as the case may be, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, 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:

- (a) any consolidation or merger after the consummation of which FPL Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, would be the surviving or resulting entity;
- (b) in the case of the FPL Group Capital Subordinated Indenture, any consolidation of FPL Group Capital with FPL Group or any other entity all of the outstanding voting securities of which are owned, directly or indirectly, by FPL Group, 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;
- (c) any conveyance or other transfer, or lease, of any part of the properties or assets of FPL Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, which does not constitute the entirety, or substantially the entirety, thereof; or
- (d) the approval by FPL Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, of or the consent by FPL Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, to any consolidation or merger to which any direct or indirect subsidiary or affiliate of FPL Group 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 failure to pay interest during a valid optional deferral period 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 (i) FPL Group Capital and FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, receive written notice of such failure to comply from the Subordinated Indenture Trustee, or (ii) FPL Group Capital, in the case of the FPL Group Capital Subordinated Indenture, FPL Group 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 Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture,
- (5) with certain exceptions, the Subordinated Guarantee ceases to be effective, is found by a judicial proceeding to be unenforceable or invalid or is denied or disaffirmed by FPL Group, or

- (6) 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 Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, 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 (i) the Subordinated Indenture Trustee or (ii) 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 either (i) the Subordinated Indenture Trustee or (ii) 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 Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, deposits with the Subordinated Indenture Trustee a sum sufficient to pay:
  - (a) all overdue interest on all Subordinated Indenture Securities of the relevant series,
  - (b) the principal of and any premium on any Subordinated Indenture Securities of the relevant series that have become due for reasons other than that declaration, and interest that is then due,
  - (c) interest on overdue interest for the relevant series, and
  - (d) all amounts then 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 the relevant 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).

A registered owner of a Subordinated Indenture Security has the right to institute a suit for the enforcement of payment of the principal of or 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). No registered owner of Subordinated Indenture Securities of any series will have any other right to institute any proceeding under the Subordinated Indenture, or exercise any other 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).

Each of FPL Group Capital and FPL Group in the case of the FPL Group Capital Subordinated Indenture, and FPL Group in the case of the FPL Group Subordinated Indenture, 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 the Junior Subordinated Debentures were issued in connection with the issuance of Trust Securities and if there is an event of default with respect to Junior Subordinated Debentures held by the Trust, a holder of Preferred Trust Securities may enforce the Subordinated Indenture directly against FPL Group Capital in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, 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 Group Capital in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, 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 Group, the Subordinated Indenture Trustee and, in the case of the FPL Group Capital Subordinated Indenture, FPL Group Capital, 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 Group Capital or FPL Group of FPL Group Capital's or FPL Group's, in the case of the FPL Group Capital Subordinated Indenture, or by any permitted successor to FPL Group of FPL Group's, in the case of the FPL Group Subordinated Indenture, 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 Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, or to surrender any right or power conferred upon FPL Group Capital, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group 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 particular series or tranche only
  - (a) when the required consent of the registered owners of Subordinated Indenture Securities of that particular series or tranche has been obtained, or
  - (b) when no Subordinated Indenture Securities of that particular 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 create 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 all, or any series or tranche of, the Subordinated Indenture Securities,

(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 Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, 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 Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or by FPL Group in the case of the FPL Group Subordinated Indenture, 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 Group Capital or FPL Group 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 Group Capital and FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, 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 Group Capital or FPL Group, as the case may be, 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 Defer Interest Payments”) 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) in the case of FPL Group Capital Subordinated Indenture, impair the right to receive payments under the Subordinated Guarantee or to institute suit for enforcement of any such payment under the Subordinated Guarantee,
- (7) 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 particular series or tranche,
- (8) 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 particular series or tranche, or
- (9) 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 particular 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. If Junior Subordinated Debentures were issued in connection with the issuance of Trust Securities, 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 (i) the holders of a majority in aggregate liquidation preference of all outstanding Preferred Trust Securities affected or (ii), in the case of changes described in clauses (1) through (9) 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, (a) in the case of the FPL Group Capital Subordinated Indenture, Subordinated Indenture Securities owned by FPL Group Capital, FPL Group or any other obligor upon the Subordinated Indenture Securities or any affiliate of FPL Group Capital, FPL Group or of that other obligor (unless FPL Group Capital, FPL Group, that affiliate or that obligor owns all Subordinated Indenture Securities outstanding under the Subordinated Indenture, determined without regard to this provision) and (b) in the case of the FPL Group Subordinated Indenture, Subordinated Indenture Securities owned by FPL Group or any other obligor upon the Subordinated Indenture Securities or any affiliate of FPL Group or of that other obligor (unless FPL Group, 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 Group Capital or FPL Group, in the case of the FPL Group Capital Subordinated Indenture, or FPL Group, in the case of the FPL Group Subordinated Indenture, solicits any action under the Subordinated Indenture from registered owners of Subordinated Indenture Securities, each of FPL Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, 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, neither FPL Group Capital nor FPL Group will be obligated to do this. If FPL Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, as the case may be, 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, FPL Group Capital or FPL Group in the case of the FPL Group Capital Subordinated Indenture, or the Subordinated Indenture Trustee or FPL Group in the case of the FPL Group Subordinated Indenture, 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 Group Capital and FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture. 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, FPL Group Capital and FPL Group in the case of the FPL Group Capital Subordinated Indenture, and to the Subordinated Indenture Trustee and FPL Group in the case of the FPL Group Subordinated Indenture. However, if Junior Subordinated Debentures were issued in connection with the issuance of Trust Securities, 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 Group Capital and FPL Group in the case of the FPL Group Capital Subordinated Indenture, or FPL Group in the case of the FPL Group Subordinated Indenture, have delivered to the Subordinated Indenture Trustee resolutions of their Boards 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 conflict of laws principles thereunder, except to the extent that the law of any other jurisdiction is mandatorily applicable. (Subordinated Indenture, Section 112).

### INFORMATION CONCERNING THE TRUSTEES

FPL Group and its subsidiaries, including FPL Group Capital, also maintain various banking and trust relationships with The Bank of New York Mellon. The Bank of New York Mellon acts, or would act, as (i) Indenture Trustee, security registrar and paying agent under the Indenture described under "Description of FPL Group Capital Senior Debt Securities" above, (ii) Guarantee Trustee under the Guarantee Agreement described under "Description of FPL Group Guarantee of FPL Group Capital Senior Debt Securities" above, (iii) purchase contract agent under a purchase contract agreement described under "Description of Stock Purchase Contracts and Stock Purchase Units" above, (iv) Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement described under "Description of Preferred Trust Securities Guarantee" above, (v) Property Trustee under the Trust Agreement, (vi) Subordinated Indenture Trustee, security registrar and paying agent under the FPL Group Capital Subordinated Indenture described under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee" above, and (vii) Subordinated Indenture Trustee, security registrar and paying agent under the FPL Group Subordinated Indenture described under "Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee" above. In addition, The Bank of New York Mellon acts as preferred trust securities trustee and property trustee with respect to FPL Group Capital Trust I's preferred trust securities. BNY Mellon Trust of Delaware acts as the Delaware Trustee under the Trust Agreement and as Delaware trustee under the Trust Agreement entered into in connection with FPL Group Capital Trust I's preferred trust securities.

## PLAN OF DISTRIBUTION

FPL Group, FPL Group Capital 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.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

**Through Underwriters or Dealers.** If FPL Group, FPL Group Capital 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 Group, FPL Group Capital and/or the Trust uses a dealer in the sale, FPL Group, FPL Group Capital 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 reallocated or paid to dealers may be changed from time to time.

**Through Agents.** FPL Group, FPL Group Capital 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 Group, FPL Group Capital 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 reallocated to them. A prospectus supplement will also state the proceeds to FPL Group, FPL Group Capital 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 Group, FPL Group Capital and/or the Trust may authorize underwriters, dealers or agents to solicit offers by certain institutions to purchase the Offered Securities from FPL Group, FPL Group Capital 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 agent for FPL Group, FPL Group Capital and/or the applicable Trust, as applicable. Any remarketing firm will be identified and the terms of its agreement, if any, with FPL Group, FPL Group Capital 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.

In compliance with guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum consideration or discount to be received by any FINRA member or independent broker may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

FPL Group, FPL Group Capital 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 Group, FPL Group Capital 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 Group, FPL Group Capital 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 Group, FPL Group Capital 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 in this prospectus by reference from FPL Group's Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of FPL Group's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## **LEGAL OPINIONS**

Morgan, Lewis & Bockius LLP, New York, New York and Squire, Sanders & Dempsey L.L.P., West Palm Beach, Florida, co-counsel to FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II, will pass upon the legality of the Offered Securities for FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II. 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 LLP, special Delaware counsel to FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II. Morgan, Lewis & Bockius 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 on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Morgan, Lewis & Bockius LLP, and on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities.

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You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement or in any written communication from FPL Group, FPL Group Capital or the Trust specifying the final terms of a particular offering of securities. Neither FPL Group, FPL Group Capital nor the Trust has authorized anyone else to provide you with additional or different information. Neither FPL Group, FPL Group Capital 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.

**PROSPECTUS**

**FLORIDA POWER & LIGHT COMPANY**

**Preferred Stock,  
Warrants,  
First Mortgage Bonds,  
Senior Debt Securities,  
Subordinated Debt Securities  
and  
Junior Subordinated Debentures**

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**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**

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Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II may offer any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized from time to time. This prospectus may also be used by a selling securityholder of the securities described herein.

One or more of 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 41 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 purchasing any of the securities being offered.

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 33408-0420, telephone number (561) 694-4000, and their mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

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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 3, 2009

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## **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 and certain of their affiliates 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 each are referred to in this prospectus as the "Trust."

Under this shelf registration process, FPL and/or the Trust may issue and sell any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized by the board of directors of FPL. FPL may offer any of the following securities: preferred stock, warrants to purchase preferred stock, first mortgage bonds, senior debt securities, subordinated debt securities, junior subordinated debentures and guarantees related to the preferred trust securities which the Trust may offer. Unless otherwise stated in a prospectus supplement, the Trust may offer preferred trust securities.

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. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement if necessary. The applicable prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable 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 risk factors and 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 as well as changing governmental policies and regulatory actions. 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, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of generation facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, transmission reliability and present or prospective wholesale and retail competition. This substantial and complex framework exposes FPL to increased compliance costs and potentially significant monetary penalties for non-compliance. 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 also is subject to extensive federal, state and local environmental statutes, rules and regulations, as well as the effect of changes in or additions to applicable statutes, rules and regulations that relate to, or in the future may relate to, for example, air quality, water quality, climate change, greenhouse gas emissions, carbon dioxide emissions, waste management, marine and wildlife mortality, natural resources, health, safety and renewable portfolio standards 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 regulation, deregulation or restructuring of the energy industry, including, for example, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable and clean energy sources and reduction of carbon emissions. FPL will need to adapt to these changes and may face increasing costs and competitive pressure in doing so.

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

**The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of FPL.**

The operation and maintenance of power generation, transmission and distribution facilities involve many risks, including, for example, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL's generation fleets and transmission and distribution systems, use of new or unproven technology, the dependence on a specific fuel source, failures in the supply or transportation of fuel, the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes, floods and droughts), and performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, for example, lost revenues due to prolonged outages and increased expenses due to monetary penalties or

finest, replacement equipment costs or an obligation to purchase or generate replacement power 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.

**The operation and maintenance of nuclear facilities involves inherent risks, including environmental, health, regulatory, terrorism and financial risks, that could result in fines or the closure of nuclear units owned by FPL, and which may present potential exposures in excess of insurance coverage.**

FPL owns, or holds undivided interests in, nuclear generation facilities in Florida. These nuclear facilities are subject to environmental, health and financial risks such as on-site storage of spent nuclear fuel, the ability to dispose of spent nuclear fuel, the ability to maintain adequate reserves for decommissioning, potential liabilities arising out of the operation of these facilities, and the threat of a possible terrorist attack. Although FPL maintains decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks, it is possible that the cost of decommissioning the facilities could exceed the amount available in the decommissioning trusts, and that liability and property damages could exceed the amount of insurance coverage.

The Nuclear Regulatory Commission has broad authority to impose licensing and safety-related requirements for the construction and operation and maintenance of nuclear generation facilities. In the event of non-compliance, the Nuclear Regulatory Commission has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Nuclear Regulatory Commission orders or new regulations related to increased security measures and any future safety requirements promulgated by the Nuclear Regulatory Commission could require FPL to incur substantial operating and capital expenditures at its nuclear plants. In addition, if a serious nuclear incident were to occur at an FPL plant, it could result in substantial costs. A major incident at a nuclear facility anywhere in the world could cause the Nuclear Regulatory Commission to limit or prohibit the operation or licensing of any domestic nuclear unit.

In addition, potential terrorist threats and increased public scrutiny of utilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

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

The ability of FPL to complete construction of, and capital improvement projects for, its power generation and transmission facilities on schedule and within budget are contingent upon many variables that could delay completion, increase costs or otherwise adversely affect operational and financial results, including, for example, limitations related to transmission interconnection issues, escalating costs for materials and labor and environmental compliance, delays with respect to permits and other approvals, and disputes involving third parties, and are subject to substantial risks. Should any such efforts be unsuccessful or delayed, FPL could be subject to additional costs, termination payments under committed contracts, loss of tax credits 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 or the payment of margin cash collateral that adversely impact the results of operations or cash flows of FPL.**

FPL uses derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage its commodity and financial market risks. FPL could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. In the absence of actively quoted market prices and pricing information from

external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

**Customer growth and customer usage in FPL's service area affect FPL's results of operations.**

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

**Weather affects FPL's results of operations, as can the impact of severe weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities.**

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities. 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 Florida Public Service Commission approval.

**Adverse capital and credit market conditions may adversely affect FPL's ability to meet liquidity needs, access capital and operate and grow its business, and increase the cost of capital. Disruptions, uncertainty or volatility in the financial markets can also adversely impact the results of operations and financial condition of FPL.**

Having access to the credit and capital markets, at a reasonable cost, is necessary for FPL to fund its operations, including its capital requirements. Those markets have provided FPL with the liquidity to operate and grow its business that is not otherwise provided from operating cash flows. Disruptions, uncertainty or volatility in those markets can increase FPL's cost of capital. If FPL is unable to access the credit and capital markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and/or bear an unfavorable cost of capital, which, in turn, could adversely impact its ability to grow its business, decrease earnings and/or significantly reduce financial flexibility.

**FPL's inability to maintain its current credit ratings may adversely affect FPL's liquidity, limit the ability of FPL to grow its business, and would likely increase interest costs.**

FPL relies on access to capital and credit markets as significant sources of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL to maintain its current credit ratings could affect its ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

**FPL is subject to credit and performance risk from third parties under supply and service contracts.**

FPL relies on contracts with vendors for the supply of equipment, materials, fuel and other goods and services required for the construction and operation of, and for capital improvements to, its facilities, as well as for business operations. If vendors fail to fulfill their contractual obligations, FPL

may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption to its operations.

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

FPL is subject to costs and other potentially adverse effects of legal and regulatory proceedings, settlements, investigations and claims, as well as regulatory compliance and the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws, corporate governance requirements and labor and employment laws.

FPL, as an owner and operator of bulk power transmission systems, is subject to mandatory reliability standards promulgated by the North American Electric Reliability Corporation and enforced by the Federal Energy Regulatory Commission. These standards, which previously were being applied on a voluntary basis, became mandatory in June 2007. Noncompliance with these mandatory reliability standards could result in sanctions, including substantial monetary penalties, which likely would not be recoverable from customers.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL's business may impact the operations of FPL in unpredictable ways.**

FPL is subject to direct and indirect effects of terrorist threats and activities as well as cyber attacks and disruptive activities of individuals and/or groups. Infrastructure facilities and systems, including, for example, generation, transmission and distribution facilities, physical assets and information systems, in general, have been identified as potential targets. The effects of these threats and activities include, but are not limited to, the inability to generate, purchase or transmit power, the delay in development and construction of new generating facilities, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, 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 adversely affected by international, 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 adversely affected by international, national, state or local events as well as company-specific events.

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

FPL is subject to employee workforce factors, including, for example, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs and collective bargaining agreements with union employees and work stoppage that could adversely affect the business and financial condition of FPL.

## **FLORIDA POWER & LIGHT COMPANY**

FPL was incorporated under the laws of Florida in 1925. FPL is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. At December 31, 2008, FPL supplied electric service to a population of more than 8.7 million, throughout most of the east and lower west coasts of Florida. During 2008, FPL served approximately 4.5 million customer accounts.

### **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 Mellon as the Property Trustee, BNY Mellon Trust of Delaware as the Delaware Trustee and one or more Administrative Trustees appointed by FPL. At the time of the issuance of securities by the Trust, the applicable trust agreement 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." Unless otherwise stated in a prospectus supplement,

- 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, and
- the common trust securities will represent at least 3% of the total capital of the applicable 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 will have a term as stated in the applicable prospectus supplement, but may dissolve earlier as provided in the Trust Agreement.

The Trust's business and affairs will be conducted by its Administrative Trustees.

### **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 repurchase outstanding debt, 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.

Unless otherwise stated in a prospectus supplement, 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.

**CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS  
TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

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,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.74

The following table shows FPL's consolidated ratio of earnings to combined fixed charges and preferred stock dividends for each of its last five fiscal years:

Years Ended December 31,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.67

FPL's consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended June 30, 2009 was 4.06.

**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, the SEC maintains an Internet site ([www.sec.gov](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 ([www.fpl.com](http://www.fpl.com)). Information on FPL's Internet site is not a part of this prospectus.

FPL and the Trust do not expect the Trust to file reports or other information with the SEC 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 (other than any documents, or portions of documents, not deemed to be filed) until FPL and/or the Trust sell all of the securities covered by the registration statement:

- (1) FPL's Annual Report on Form 10-K for the year ended December 31, 2008;
- (2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009; and
- (3) FPL's Current Reports on Form 8-K filed with the SEC on January 27, 2009 (with January 22, 2009 earliest report date), March 18, 2009, March 19, 2009 and July 22, 2009 (other than any documents, or portions of documents, not deemed to be filed).

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, (212) 309-6000. 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.

### FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL and the Trust are herein 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, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as “will,” “will likely result,” “are expected to,” “will continue,” “aim,” “is anticipated,” “believe,” “could,” “should,” “would,” “estimated,” “may,” “plan,” “potential,” “projection,” “target,” “outlook,” “predict,” and “intend” or words of similar meaning) 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 or implied 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, including unanticipated events, after the date on which that statement is made, unless otherwise required by law. 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.

## DESCRIPTION OF PREFERRED STOCK

**General.** The following statements describing FPL's preferred stock are not intended to be a complete description. For additional information, please see FPL's Restated Articles of Incorporation, as amended ("Charter"), and its bylaws, as currently in effect. You should read this summary together with the articles of amendment to the Charter which will describe the terms of any preferred stock to be offered hereby for a complete understanding of all the provisions. Each of these documents has previously been filed, or will be filed, with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. Reference is also made to the laws of the State of Florida.

The Charter currently authorizes three classes of preferred stock. No shares of preferred stock are presently outstanding. Unless the Charter is amended prior to the offering of the preferred stock offered hereunder to change the class or classes of preferred stock authorized to be issued, the preferred stock offered hereunder will be one or more series of FPL's Preferred Stock, \$100 par value per share ("Serial Preferred Stock") and/or one or more series of FPL's Preferred Stock, without par value ("No Par Preferred Stock"). Under the Charter, 10,414,100 shares of Serial Preferred Stock and 5,000,000 shares of No Par Preferred Stock are available for issuance. The Charter also authorizes the issuance of 5,000,000 shares of Subordinated Preferred Stock, without par value ("Subordinated Preferred Stock"). References in this "Description of Preferred Stock" section of this prospectus to preferred stock do not include the Subordinated Preferred Stock.

In the event that the Charter is amended to change its authorized preferred stock, a prospectus supplement will describe the authorized preferred 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 the 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.

In the event the trusts established by FPL issue preferred trust securities and FPL exercises a right to delay interest payments on junior subordinated debentures issued in connection with preferred trust securities, FPL will not be able to pay dividends on its common or preferred stock during the periods when such payments are delayed with certain limited exceptions.

Any shares of preferred stock offered hereunder by FPL will, when issued, be fully paid and non-assessable.

**Voting Rights.** FPL Group, as the owner of all of FPL's common stock, has sole voting power with respect to FPL, except as provided in the Charter 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. The

voting rights provided in the Charter relating to the Serial Preferred Stock and the No Par Preferred Stock will be described in the applicable prospectus supplement relating to any particular preferred stock being offered.

**Liquidation Rights.** In the event of any voluntary liquidation, dissolution or winding up of FPL, unless otherwise described in a particular prospectus supplement, the 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 Subordinated Preferred 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 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 Subordinated Preferred 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 Subordinated Preferred 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,

plus, in each case, all accumulated and unpaid dividends thereon, if any. Any changes to the liquidation rights of the Serial Preferred Stock and the No Par Preferred Stock will be described in the particular prospectus supplement relating to any preferred stock being offered.

#### **DESCRIPTION OF WARRANTS**

FPL may issue warrants to purchase preferred stock. A prospectus supplement will describe the terms of any such warrants being offered and any related warrant agreement between FPL and a warrant agent.

#### **DESCRIPTION OF BONDS**

**General.** FPL will issue 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 (formerly known as Bankers Trust Company), 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. The Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." The first mortgage bonds offered pursuant to this prospectus and any applicable prospectus supplement are referred to as the "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 under "—Issuance of Additional Bonds." The Bonds and all other first mortgage bonds issued under the Mortgage are collectively referred to in this prospectus as the "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 creating the Bonds for a complete understanding of all the provisions. The Mortgage and the form of supplemental indenture have previously been 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.

All Bonds of one series need not be issued at the same time, and a series may be re-opened for issuances of additional Bonds of such particular series. This means that FPL may from time to time, without notice to, or the consent of the existing holders of the previously-issued Bonds of a particular series, create and issue additional Bonds of such series. Such additional Bonds will have the same terms as the Bonds of such series in all respects (except for the payment of interest accruing prior to the issue date of the additional Bonds or except for the first payments of interest following the issue date of the additional Bonds) so that the additional Bonds may be consolidated and form a single series with the previously-issued Bonds of such series.

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 particular prospectus supplement relating to that specific series of 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.

**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 for such reason at the redemption prices applicable to those First Mortgage Bonds. If any Bonds are so 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 (as such term is defined in the Mortgage), and
- (3) the amount of cash that FPL deposits with the Trustee.

"Property Additions" generally include the following:

- (a) plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems,
- (b) nuclear fuel that has been expressly subjected to the lien of the Mortgage,
- (c) railroad cars, barges and other transportation equipment (other than trucks) for the transportation of fuel, and

- (d) 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 (a) through (d) immediately 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 pertinent 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 pertinent 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 June 30, 2009, FPL could have issued under the Mortgage in excess of \$7.2 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of \$5.8 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 (as such term is defined in the Mortgage), 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 waiver 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 June 30, 2009, 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 66⅔% 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 66⅔% 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.

Notwithstanding the immediately preceding paragraph, 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 when due,
- (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 pertaining to FPL, and
- (6) the expiration of 90 days following notice by the Trustee or the holders of 15% of the First Mortgage Bonds relating to any failure by FPL to perform its other covenants under the Mortgage.

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 SENIOR DEBT SECURITIES AND SUBORDINATED DEBT SECURITIES**

FPL may issue its debt securities (other than (i) the Bonds and (ii) the FPL Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures")), in one or more series, under one or more Indentures, between FPL and The Bank of New York Mellon, as trustee. The terms of any offered debt securities will be described in a supplement to this prospectus.

#### **DESCRIPTION OF PREFERRED TRUST SECURITIES**

**General.** The Trust may issue preferred trust securities and common trust securities under the Trust Agreement.

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." The 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. Unless otherwise specified in a prospectus supplement, the Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures") will be held by

the Trust. 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 previously been 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 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).

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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 (the "Preferred Trust Securities Guarantee") of payments due on the Preferred Trust Securities to the extent of the Trust's legally available assets.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 its 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 Mellon, 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 issued in connection therewith. 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 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 Preferred Trust Securities Guarantee."

If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods, in which case, distributions on the Preferred Trust Securities would be deferred during any such period. Unless otherwise provided in the related prospectus supplement, distributions would, however, continue to accumulate. (Trust Agreement, Section 4.01). Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;
  - (e) 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
  - (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to

any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full.

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. No interest period may be deferred 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 laws, 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 related 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 related 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 related 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

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 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 related 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 related 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

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 related 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 related 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 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.

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 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 previously been 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 Mellon 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.

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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) the Preferred Trust Securities Guarantee.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 JUNIOR SUBORDINATED DEBENTURES

**General.** The junior subordinated debentures issued by FPL are referred to in this prospectus as the "Junior Subordinated Debentures." 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 one or more indentures between FPL and The Bank of New York Mellon, as trustee. The indenture or indentures pursuant to which Junior Subordinated Debentures may be issued, as the same may be amended and supplemented from time to time, are referred to in this prospectus as the "Subordinated Indenture." The Bank of New York Mellon, 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 or the Subordinated Indenture. You should read this summary together with the Subordinated Indenture and the officer's certificates or other documents creating 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 create a series of Junior Subordinated Debentures and a form of the Junior Subordinated Debentures have previously been 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 the principal amount of each series will be limited 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. The term "Senior Indebtedness" will be defined in the related prospectus supplement. 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 series of Junior Subordinated Debentures without providing that security to all outstanding Junior Subordinated Debentures in accordance with 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 particular prospectus supplement relating to that specific series of 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 the principal will be paid,
- (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 interest will be paid and the record date for any interest payable on any interest payment date,

- (5) the person to whom interest will be paid 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 payments will be made 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, including any 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 those Junior Subordinated Debentures may be issued, if other than denominations of \$25 and any integral multiple of \$25,
- (11) the currency or currencies in which the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid (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 the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid 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) events of default, if any, with respect to those Junior Subordinated Debentures and covenants, if any, 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,
- (19) any other provisions for the reinstatement of FPL's indebtedness in respect of those Junior Subordinated Debentures after their satisfaction and discharge,

- (20) if those Junior Subordinated Debentures will be issued in global form, necessary information relating to the issuance of those Junior Subordinated Debentures in global form,
- (21) if those Junior Subordinated Debentures will be issued as bearer securities, necessary information relating to the issuance of those Junior Subordinated Debentures as bearer securities,
- (22) 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,
- (23) 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,
- (24) any collateral security, assurance, or guarantee for those Junior Subordinated Debentures,
- (25) the designation of the trust to which the Junior Subordinated Debentures are to be issued,
- (26) the terms relating to any additional interest that may be payable as a result of any tax, assessment or governmental charges, and
- (27) 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).

**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 Mellon, 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 Mellon, 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 Defer Interest Payments.** If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods. As a consequence, distributions on the Preferred Trust Securities would be deferred during any optional deferral period. Interest would, however, continue to accrue on the Junior Subordinated Debentures. Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;

- (e) 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
- (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full. (Subordinated Indenture, Section 608).

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. Unless otherwise provided in the related prospectus supplement, no optional deferral period may exceed the period of time specified in that prospectus supplement. No interest period may be deferred beyond the maturity of the Junior Subordinated Debentures. FPL will give the Trust and the Subordinated Indenture Trustee notice of its election of an optional deferral 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 defer 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 if such taxes, duties, assessments or other governmental charges had not been imposed. (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 laws, 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:

- (a) any consolidation or merger after the consummation of which FPL would be the surviving or resulting entity;
- (b) 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;
- (c) 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
- (d) 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 failure to pay interest during a valid optional deferral period 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 (i) FPL receive written notice of such failure to comply from the Subordinated Indenture Trustee, or (ii) 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, or
- (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 (i) the Subordinated Indenture Trustee or (ii) 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 either (i) the Subordinated Indenture Trustee or (ii) 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 the relevant series,
  - (b) the principal of and any premium on any Subordinated Indenture Securities of the relevant series that have become due for reasons other than that declaration, and interest that is then due,
  - (c) interest on overdue interest for the relevant series, and
  - (d) all amounts then 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 the relevant 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).

A registered owner of a Subordinated Indenture Security has the right to institute a suit for the enforcement of payment of the principal of or 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). No registered owner of Subordinated Indenture Securities of any series will have any other right to institute any proceeding under the Subordinated Indenture, or exercise any other 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).

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, 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 particular series or tranche only
  - (a) when the required consent of the registered owners of Subordinated Indenture Securities of that particular series or tranche has been obtained, or
  - (b) when no Subordinated Indenture Securities of that particular 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 create 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 all, or any series or tranche of, the Subordinated Indenture Securities,
- (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 Defer Interest Payments") 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 particular 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 particular 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 particular 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 (i) the holders of a majority in aggregate liquidation preference of all outstanding Preferred Trust Securities affected or (ii), 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 conflict of laws principles thereunder, 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 Mellon. The Bank of New York Mellon would act as (i) Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement described under "Description of Preferred Trust Securities Guarantee" above, (ii) Property Trustee under the Trust Agreement and (iii) Subordinated Indenture Trustee, security registrar and paying agent under the Subordinated Indenture. BNY Mellon Trust of 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.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

**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 reallocated 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 reallocated 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 agent for FPL or the Trust, 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.

In compliance with guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum consideration or discount to be received by any FINRA member or independent broker may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

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 in this prospectus by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of FPL's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## **LEGAL OPINIONS**

Morgan, Lewis & Bockius LLP, New York, New York and Squire, Sanders & Dempsey L.L.P., West Palm Beach, Florida, co-counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II, will pass upon the legality of the Offered Securities for FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. 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 LLP, special Delaware counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. Morgan, Lewis & Bockius 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 on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Morgan, Lewis & Bockius LLP, and on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities.

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**You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement or in any written communication from FPL or the Trust specifying the final terms of a particular offering of securities. 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.**



## PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

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

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

Filing Fee for Registration Statement .....	\$ *
Legal and Accounting Fees .....	**
Printing (S-3, prospectus, prospectus supplement, etc.) .....	**
Fees of the trustees .....	**
Listing Fee .....	***
Florida Taxes .....	**
Rating Agencies' Fees .....	**
Miscellaneous .....	**
<b>Total .....</b>	<b>\$ **</b>

- \* Under Rules 456(b) and 457(r) under the Securities Act, the SEC registration fee will be paid at the time of any particular offering of securities under this registration statement, and is therefore not currently determinable. FPL Group is applying \$13,154 of the filing fee in accordance with Rule 415(a)(6) under the Securities Act that has already been paid in connection with \$334,719,000 amount of common stock that is included in this registration statement and that was previously registered, but was not sold, pursuant to Registration Statement No. 333-137120, filed on September 5, 2006, as amended.
- \*\* Because an indeterminate amount of securities is covered by this registration statement, the expenses in connection with the issuance and distribution of the securities are not currently determinable. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.
- \*\*\* The listing fee is based upon the principal amount of securities listed, if any, and is therefore not currently determinable.

### Item 15. Indemnification of Directors and Officers.

Section 607.0850 of the Florida Statutes generally permits FPL Group, FPL Group Capital and Florida Power & Light Company (each, a "Corporation") to indemnify its directors, officers, employees or other agents who are subject to any third-party actions because of their service to the Corporation 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 Corporation. If the proceeding is a criminal one, such person must also have had no reasonable cause to believe his conduct was unlawful. In addition, each Corporation 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 Corporation. 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 each Corporation to further indemnify such persons by other means unless a judgment or other final adjudication establishes that such person's actions or omissions which were material to the cause of action constitute (1) a crime (unless such person had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe it unlawful), (2) a

transaction from which he derived an improper personal benefit, (3) an action in violation of Florida Statutes Section 607.0834 (unlawful distributions to shareholders), or (4) willful misconduct or a conscious disregard for the best interests of the Corporation in a proceeding by or in the right of such Corporation to procure a judgment in its favor or in a proceeding by or in the right of a shareholder.

Furthermore, Florida Statutes Section 607.0831 provides, in general, that no director shall be personally liable for monetary damages to 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.

Each Corporation's bylaws provide generally that such Corporation shall, to the fullest extent permitted by law, indemnify all directors and officers of such Corporation, directors, officers, or other employees serving as a fiduciary of an employee benefit plan of such Corporation, as well as any employees or agents of such Corporation or other persons serving at the request of such Corporation in any capacity with any entity or enterprise other than such Corporation to whom such Corporation 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 on behalf of each Corporation 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.

Title 12, Section 3817 of the Delaware Code permits a statutory trust, subject to such standards and restrictions, if any, as are set forth in the governing instrument of the trust, to indemnify and hold harmless any trustee or beneficial owner or other person from and against any and all claims and demands whatsoever. The absence of a provision for indemnity in the governing instrument of a statutory trust shall not be construed to deprive any trustee or beneficial owner or other person of any right to indemnity which is otherwise available to such person under the laws of the State of Delaware. Pursuant to Section 10 of each Trust Agreement, FPL Group (with respect to FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II) and Florida Power & Light Company (with respect to Florida Power & Light Company Trust I and Florida Power & Light Company Trust II) has agreed to indemnify and hold harmless each Trustee, any affiliate of each Trustee and any officer, director, shareholder, member, partner or employee of each Trustee, and any employee of the Trust (each such person, a "Trust Agreement Indemnified Person") from and against any loss, liability, expense, damage or claim incurred by such Trust Agreement Indemnified Person without negligence (gross negligence, in the case of any Administrative Trustee or the Delaware Trustee

or other person who is a Trust Agreement Indemnified Person by virtue of the relationship thereto), bad faith or willful misconduct on the part of the Trust Agreement Indemnified Person, or in the case of any such affiliate, officer, director, shareholder, member, partner or employee, on the part of the related Trustee, arising out of or in connection with the acceptance or administration of the trust or trusts thereunder or by reason of any act or omission performed or omitted by such Trust Agreement Indemnified Person in good faith on behalf of the Trust and in a manner such Trust Agreement Indemnified Person reasonably believed to be within the scope of authority conferred on such Trust Agreement Indemnified Person by the Trust Agreement. In addition, the Board of Directors of FPL Group has authorized FPL Group to indemnify each of the officers or employees of FPL Group (or any of its affiliates) who serve as an Administrative Trustee of FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II, in accordance with the bylaws provisions described above, and each such person will be an Indemnified Person as defined in the second preceding paragraph. In addition, the Board of Directors of Florida Power & Light Company has authorized Florida Power & Light Company to indemnify each of the officers or employees of Florida Power & Light Company (or any of its affiliates) who serve as an Administrative Trustee of Florida Power & Light Company Trust I and Florida Power & Light Company Trust II, in accordance with the bylaws provisions described above, and each such person will be an Indemnified Person as defined in the second preceding paragraph.

**Item 16. Exhibits.**

- 1(a) - Form of Underwriting Agreement for the Offered Securities of FPL Group and FPL Group Capital (other than Preferred Trust Securities of FPL Group Trust and FPL Group Capital Trust and related securities, common stock of FPL Group, warrants of FPL Group and preferred stock of FPL Group and FPL Group Capital).
- 1(b) - Form of Underwriting Agreement with respect to Preferred Trust Securities of FPL Group Trust and FPL Group Capital Trust and related securities.
- 1(c) - Form of Underwriting Agreement with respect to common stock, stock purchase contracts, stock purchase units and warrants of FPL Group.
- 1(d) - Form of Underwriting Agreement with respect to preferred stock of FPL Group and FPL Group Capital (including the guarantee of FPL Group).
- 1(e) - Form of Underwriting Agreement with respect to Florida Power & Light Company's Bonds.
- 1(f) - Form of Distribution Agreement with respect to Florida Power & Light Company's Bonds.
- 1(g) - Form of Underwriting Agreement with respect to preferred stock and warrants of Florida Power & Light Company
- 1(h) - Form of Underwriting Agreement with respect to Preferred Trust Securities of FPL Trust and related securities.
- 1(i) - Form of Underwriting Agreement with respect to Florida Power & Light Company's debt securities (other than Bonds).
- \*1(j) - Distribution Agency Agreement, dated January 27, 2009, by and between FPL Group and Credit Suisse Securities (USA) LLC (filed as Exhibit 1 to Form 8-K dated January 27, 2009, File No. 1-8841).
- \*4(a) - Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through July 3, 2006 (filed as Exhibit 3(i)a to Form 10-K for the year ended December 31, 2008, File No. 1-8841).

- \*4(b) - Amended and Restated Bylaws of FPL Group (as amended through October 17, 2008) (filed as Exhibit 3(ii)a to Form 10-Q for the quarter ended September 30, 2008, File No. 1-8841).
- \*4(c) - Articles of Incorporation of FPL Group Capital dated July 31, 1985 (filed as Exhibit 3.1 to Registration Statement No. 33-6215).
- \*4(d) - Amendment to FPL Group Capital's Articles of Incorporation, dated May 27, 2004 (filed as Exhibit 4(I) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(e) - Bylaws of FPL Group Capital dated January 4, 1988 (filed as Exhibit 4(b) to Registration Statement No. 33-69786).
- \*4(f) - 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).
- \*4(g) - 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).
- \*4(h) - 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).
- \*4(i) - 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).
- \*4(j) - 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).
- \*4(k) - 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).
- \*4(l) - 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).
- \*4(m) - 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).
- \*4(n) - 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).
- \*4(o) - 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).
- \*4(p) - Amended and Restated Bylaws of Florida Power & Light Company (as amended through October 17, 2008) (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30, 2008, File No. 2-27612).

- \*4(q)** - Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and fourteen Supplements thereto, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (formerly known as Bankers Trust Company) (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; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 1-3545; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated October 10, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; and Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612).
- \*4(r)** - Indenture, dated as of June 1, 1999, between FPL Group Capital and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841).
- \*4(s)** - Guarantee Agreement between FPL Group (as Guarantor) and The Bank of New York Mellon (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).

- \*4(t) - Officer's Certificate of FPL Group Capital, dated August 18, 2006, creating the 5½% Debentures, Series due September 1, 2011 (filed as Exhibit 4 to Form 8-K dated August 18, 2006, File No. 1-8841).
- \*4(u) - Officer's Certificate of FPL Group Capital dated June 17, 2008, creating the 5.35% Debentures, Series due June 15, 2013 (filed as Exhibit 4(a) to Form 8-K dated June 17, 2008, File No. 1-8841).
- \*4(v) - Officer's Certificate of FPL Group Capital dated June 17, 2008, creating the Floating Rate Debentures, Series due June 17, 2011 (filed as Exhibit 4(b) to Form 8-K dated June 17, 2008, File No. 1-8841).
- \*4(w) - Officer's Certificate of FPL Group Capital dated December 12, 2008, creating the 7½% Debentures, Series due December 15, 2015 (filed as Exhibit 4 to Form 8-K dated December 12, 2008, File No. 1-8841).
- \*4(x) - Officer's Certificate of FPL Group Capital, dated March 9, 2009, creating the 6.00% Debentures, Series due March 1, 2019 (filed as Exhibit 4 to Form 8-K dated March 9, 2009, File No. 1-8841).
- \*4(y) - Officer's Certificate of FPL Group Capital, dated May 26, 2009, creating the Series C Debentures due June 1, 2014 (filed as Exhibit 4(c) to Form 8-K dated May 22, 2009, File No. 1-8841).
- \*4(z) - 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 Mellon (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).
- \*4(aa) - Officer's Certificate of FPL Group Capital, dated March 15, 2004, creating the 5½% 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).
- \*4(ab) - Preferred Trust Securities Guarantee Agreement between FPL Group (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) relating to FPL Group Capital Trust I, 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).
- \*4(ac) - 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).
- \*4(ad) - 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).
- \*4(ae) - Trust Agreement and Certificate of Trust of FPL Group Capital Trust II (filed as Exhibit 4(ah) to Amendment No. 1 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03).
- \*4(af) - Trust Agreement and Certificate of Trust of FPL Group Capital Trust III (filed as Exhibit 4(at) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).

- \*4(ag) - Trust Agreement and Certificate of Trust of FPL Group Trust I (filed as Exhibit 4(au) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(ah) - Trust Agreement and Certificate of Trust of FPL Group Trust II (filed as Exhibit 4(av) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(ai) - Trust Agreement and Certificate of Trust of Florida Power & Light Company Trust I (filed as Exhibit 4(m) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(aj) - Trust Agreement and Certificate of Trust of Florida Power & Light Company Trust II (filed as Exhibit 4(n) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(ak) - Form of Amended and Restated Trust Agreement with respect to FPL Group Capital Trust and FPL Group Trust (filed as Exhibit 4(aw) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(al) - Form of Amended and Restated Trust Agreement for Florida Power & Light Company Trust I and Florida Power & Light Company Trust II (filed as Exhibit 4(o) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(am) - Form of Preferred Trust Securities Guarantee Agreement relating to the FPL Group Trust and FPL Group Capital Trust Preferred Trust Securities (filed as Exhibit 4(ba) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(an) - Form of Preferred Trust Securities Guarantee Agreement relating to the Preferred Trust Securities of Florida Power & Light Company Trust I and Florida Power & Light Company Trust II (filed as Exhibit 4(r), File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(ao) - Form of Agreement as to Expenses and Liabilities relating to FPL Group Trust and FPL Group Capital Trust (filed as Exhibit D of Exhibit 4(aw) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(ap) - Form of Agreement as to Expenses and Liabilities relating to Florida Power & Light Company Trust I and Florida Power & Light Company Trust II (filed as Exhibit D of Exhibit 4(o) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(aq) - Form of Preferred Trust Securities for FPL Group Trust and FPL Group Capital Trust (filed as Exhibit C of Exhibit 4(aw) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(ar) - Form of Preferred Trust Securities for Florida Power & Light Company Trust I and Florida Power & Light Company Trust II (filed as Exhibit C of Exhibit 4(o) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).
- \*4(as) - Form of Indenture relating to FPL Group's Senior Debt Securities, Subordinated Debt Securities, Junior Subordinated Debentures and Junior Subordinated Debentures relating to Trust Securities (filed as Exhibit 4(au) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).

- \*4(at) - Form of Officer's Certificate relating to FPL Group's Senior Debt Securities, including form of Senior Debt Security (filed as Exhibit 4(av) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- 4(au) - Form of Officer's Certificate relating to FPL Group's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- \*4(av) - Form of Officer's Certificate relating to FPL Group's Junior Subordinated Debentures and FPL Group's Junior Subordinated Debentures relating to Trust Securities, including form of Junior Subordinated Debentures (filed as Exhibit 4(aw) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- \*4(aw) - 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 Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841).
- \*4(ax) - 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).
- \*4(ay) - 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).
- \*4(az) - Officer's Certificate of FPL Group Capital and FPL Group dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841).
- \*4(ba) - Officer's Certificate of FPL Group Capital and FPL Group dated September 17, 2007, creating the Series D Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated September 17, 2007, File No. 1-8841).
- \*4(bb) - Officer's Certificate of FPL Group Capital and FPL Group dated September 18, 2007, creating the Series E Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated September 17, 2007, File No. 1-8841).
- \*4(bc) - Officer's Certificate of FPL Group Capital and FPL Group, dated March 19, 2009, creating the Series F Junior Subordinated Debentures due 2069 (filed as Exhibit 4(b) to Form 8-K dated March 17, 2009, File No. 1-8841).
- \*4(bd) - Form of Subordinated Indenture relating to FPL Group Capital's Subordinated Debt Securities, Junior Subordinated Debentures and Junior Subordinated Debentures relating to Trust Securities (filed as Exhibit 4(ax) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- 4(be) - Form of Officer's Certificate relating to FPL Group Capital's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- \*4(bf) - Form of Officer's Certificate relating to FPL Group Capital's Junior Subordinated Debentures, including form of Junior Subordinated Debentures (filed as Exhibit 4(ay) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).

- \*4(bg) - Form of Officer's Certificate relating to FPL Group Capital's Senior Debt Securities, including form of Senior Debt Securities (filed as Exhibit 4(az) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- \*4(bh) - Form of Supplemental Indenture relating to Florida Power & Light Company's Bonds (filed as Exhibit 4(ba) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- 4(bi) - Form of Indenture relating to Florida Power & Light Company's Senior Debt Securities, Subordinated Debentures, Junior Subordinated Debentures and Junior Subordinated Debt Securities relating to Trust Securities.
- \*4(bj) - Form of Officer's Certificate relating to Florida Power & Light Company's Junior Subordinated Debentures, including form of Junior Subordinated Debentures (filed as Exhibit 4(bc) to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- 4(bk) - Form of Officer's Certificate relating to Florida Power & Light Company's Senior Debt Securities, including form of Senior Debt Securities.
- 4(bl) - Form of Officer's Certificate relating to Florida Power & Light Company's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- \*4(bm) - Purchase Contract Agreement dated as of May 1, 2009, between FPL Group and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated May 22, 2009, File No. 1-8841).
- \*4(bn) - Pledge Agreement, dated as of May 1, 2009, among FPL Group, Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent and Trustee (filed as Exhibit 4(b) to Form 8-K dated May 22, 2009, File No. 1-8841)
- 4(bo) - Form of Purchase Contract Agreement.
- 4(bp) - Form of Pledge Agreement.
- 4(bq) - Form of Remarketing Agreement.
- \*4(br) - Form of Articles of Amendment to establish a series of FPL Group's preferred stock (filed as Exhibit 4(bd) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(bs) - Form of Articles of Amendment to establish a series of FPL Group Capital's preferred stock (filed as Exhibit 4(be) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(bt) - Form of FPL Group Guarantee Agreement relating to FPL Group Capital's preferred stock (filed as Exhibit 4(bf) to Form S-3, File Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05).
- \*4(bu) - Form of Articles of Amendment to establish a series of Florida Power & Light Company's preferred stock (filed as Exhibit 4(u) to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02).

- \*4(bv) - Form of first mortgage bond relating to Florida Power & Light Company's Bonds (filed as Exhibit 4(bk) to Post-Effective Amendment No. 1 to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- \*4(bw) - Form of temporary first mortgage bond relating to Florida Power & Light Company's Bonds (filed as Exhibit 4(bl) to Post-Effective Amendment No. 1 to Form S-3, File Nos. 333-137120, 333-137120-01, 333-137120-02, 333-137120-03, 333-137120-04, 333-137120-05, 333-137120-06, 333-137120-07 and 333-137120-08).
- +4(bx) - Form of Warrant Agreement (including the form of warrant) relating to FPL Group's warrants.
- +4(by) - Form of Warrant Agreement (including the form of warrant) relating to Florida Power & Light Company's warrants.
- 5(a) - Opinion and Consent, dated August 3, 2009, of Squire, Sanders & Dempsey L.L.P., counsel to FPL Group, FPL Group Capital, Florida Power & Light Company, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II.
- 5(b) - Opinion and Consent, dated August 3, 2009, of Morgan, Lewis & Bockius LLP, counsel to FPL Group, FPL Group Capital, Florida Power & Light Company, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II.
- 5(c) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group, FPL Group Capital and FPL Group Capital Trust II.
- 5(d) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group, FPL Group Capital and FPL Group Capital Trust III.
- 5(e) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group and FPL Group Trust I.
- 5(f) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group and FPL Group Trust II.
- 5(g) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to Florida Power & Light Company and Florida Power & Light Company Trust I.
- 5(h) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to Florida Power & Light Company and Florida Power & Light Company Trust II.
- \*12(a) - Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of FPL Group (filed as Exhibit 12(a) to Form 10-K of FPL Group for the year ended December 31, 2008, File No. 1-8841 and Exhibit 12(a) to Form 10-Q of FPL Group for the quarter ended June 30, 2009, File No. 1-8841).
- \*12(b) - Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of Florida Power & Light Company (filed as Exhibit 12(b) to Form 10-K of Florida Power & Light Company for the year ended December 31, 2008, File No. 2-27612 and Exhibit 12(b) to Form 10-Q of Florida Power & Light Company for the quarter ended June 30, 2009, 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 Morgan, Lewis & Bockius LLP (included in opinion, attached hereto as Exhibit 5(b)).
- 23(d) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(c)).
- 23(e) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(d)).
- 23(f) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(e)).
- 23(g) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(f)).
- 23(h) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(g)).
- 23(i) - Consent of Morris James LLP (included in opinion, attached hereto as Exhibit 5(h)).
- \*24 - Powers of Attorney (included on the signature pages of this registration statement).
- 25(a) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Guarantee of FPL Group Capital's Senior Debt Securities.
- 25(b) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Senior Debt Securities.
- 25(c) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Senior Debt Securities.
- 25(d) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Subordinated Debt Securities.
- 25(e) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Junior Subordinated Debentures.
- 25(f) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Junior Subordinated Debentures relating to Trust Securities.
- 25(g) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Senior Debt Securities.
- 25(h) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Subordinated Debt Securities.
- 25(i) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Junior Subordinated Debentures.
- 25(j) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Junior Subordinated Debentures related to Trust Securities.
- 25(k) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Subordinated Debt Securities.
- 25(l) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures.
- 25(m) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures relating to Trust Securities.

- 25(n) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures relating to Trust Securities.
- 25(o) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures.
- 25(p) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Capital Trust II.
- 25(q) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Capital Trust III.
- 25(r) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Trust I.
- 25(s) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Trust II.
- 25(t) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Capital Trust II.
- 25(u) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Capital Trust III.
- 25(v) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Trust I.
- 25(w) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Trust II.
- 25(x) - Statement of Eligibility on Form T-1 of Deutsche Bank Trust Company Americas, as Trustee, with respect to the Mortgage.
- 25(y) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of Florida Power & Light Company Trust I.
- 25(z) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of Florida Power & Light Company Trust II.
- 25(aa) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of Florida Power & Light Company Trust I.
- 25(ab) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of Florida Power & Light Company Trust II.
- 25(ac) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as purchase contract agent.

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\* Incorporated herein by reference as indicated.

+ To be filed by amendment or pursuant to a report to be filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, if applicable.

**Item 17. Undertakings.**

The undersigned registrants hereby undertake:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement
  - (i) to include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement,

*provided, however*, that subsections (i), (ii) and (iii) do not apply if the information required to be contained in a post-effective amendment by those subsections is contained in reports filed with or furnished to the SEC by the registrants pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of 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)(i), (vii) or (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, each of the undersigned registrants undertake that in a primary offering of securities of such undersigned 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, such undersigned 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 undersigned 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 undersigned registrant or used or referred to by the undersigned registrant;
  - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
  - (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
- (6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of each registrant's Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (7) To file, if applicable, an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the SEC under Section 305(b)(2) of the Trust Indenture Act of 1939.
- (8) With respect to registrants offering equity securities that, prior to such offering, had no obligation to file reports with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act, to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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 15 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

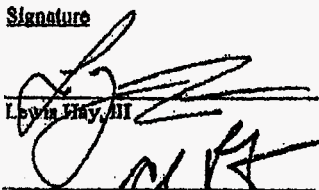
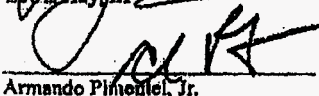
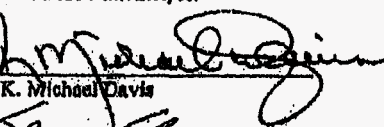

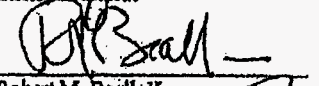
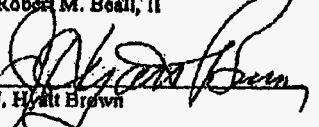
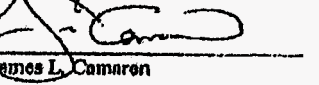
Pursuant to the requirements of the Securities Act of 1933, FPL Group, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of June Beach, State of Florida on the 3rd day of August, 2009.


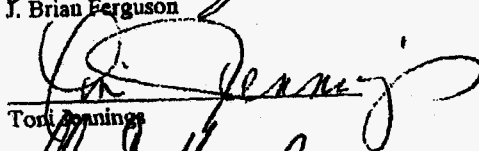
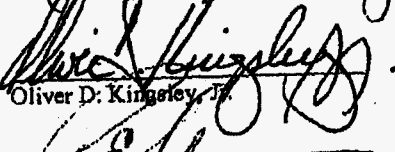

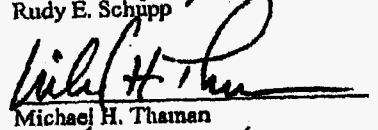
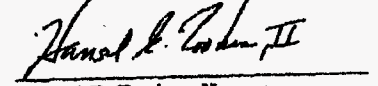
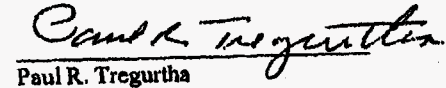
FPL GROUP, INC.

By:

  
Lewis Hay, III  
Chairman, Chief Executive Officer 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, Chief Executive Officer and Director (Principal Executive Officer)	August 3, 2009
 Armando Pimentel, Jr.	Executive Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	August 3, 2009
 K. Michael Davis	Controller and Chief Accounting Officer (Principal Accounting Officer)	August 3, 2009
 Sherry S. Beatz	Director	August 3, 2009
 Robert M. Beall, II	Director	August 3, 2009
 J. Holt Brown	Director	August 3, 2009
 James L. Camaren	Director	August 3, 2009

<u>Signature</u>	<u>Title</u>	<u>Date</u>
 J. Brian Ferguson	Director	August 3, 2009
 Tom Jennings	Director	August 3, 2009
 Oliver D. Kingsley, Jr.	Director	August 3, 2009
 Rudy E. Schupp	Director	August 3, 2009
 Michael H. Thaman	Director	August 3, 2009
 Hansel E. Tookes, II	Director	August 3, 2009
 Paul R. Tregurtha	Director	August 3, 2009

## 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



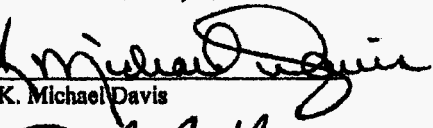

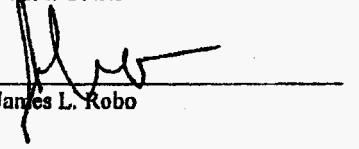
Pursuant to the requirements of the Securities Act of 1933, FPL Group Capital Inc certifies that it has reasonable grounds to believe that it meets all requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.

FPL GROUP CAPITAL INC

By: 

Lewis Hay, III  
President, Chief Executive Officer 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
 Lewis Hay, III	President, Chief Executive Officer and Director (Principal Executive Officer)	August 3, 2009
 Armando Pimentel, Jr.	Senior Vice President, Finance, Chief Financial Officer and Director (Principal Financial Officer)	August 3, 2009
 K. Michael Davis	Controller and Chief Accounting Officer (Principal Accounting Officer)	August 3, 2009
 Paul I. Cutler	Director	August 3, 2009
 James L. Robo	Director	August 3, 2009

## POWER OF ATTORNEY

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

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Florida Power & Light Company certifies that it has reasonable grounds to believe that it meets all requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.

### FLORIDA POWER & LIGHT COMPANY

By: \_\_\_\_\_

Armando J. Olivera

President, Chief Executive Officer 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

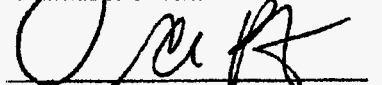
Date



Armando J. Olivera

President, Chief Executive Officer  
and Director (Principal Executive  
Officer)

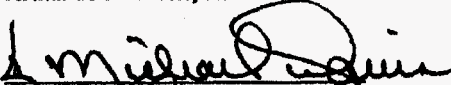
August 3, 2009



Armando Pimentel, Jr.

Executive Vice President, Finance  
and Chief Financial Officer and  
Director (Principal Financial Officer)

August 3, 2009



K. Michael Davis

Vice President, Accounting and  
Chief Accounting Officer (Principal  
Accounting Officer)

August 3, 2009



Lewis Hay, III

Director

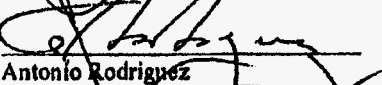
August 3, 2009



James L. Robo

Director

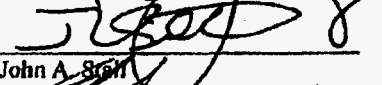
August 3, 2009



Antonio Rodriguez

Director

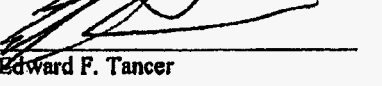
August 3, 2009



John A. Stein

Director

August 3, 2009



Edward F. Tancer

Director

August 3, 2009

# SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, FPL Group Capital Trust II certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.

FPL GROUP CAPITAL TRUST II

By:




Name: Paul I. Cutler

Title: Administrative Trustee

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, FPL Group Capital Trust III certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.


FPL GROUP CAPITAL TRUST III

By:   
Name: Paul I. Cutler  
Title: Administrative Trustee

### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, FPL Group Trust I certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.


FPL GROUP TRUST I

By:   
Name: Paul I. Cutler  
Title: Administrative Trustee

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, FPL Group Trust II certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.


FPL GROUP TRUST II

By:   
Name: Paul I. Cutler  
Title: Administrative Trustee

### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Florida Power & Light Company Trust I certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.


FLORIDA POWER & LIGHT COMPANY TRUST I

By:   
Name: Paul I. Cutler  
Title: Administrative Trustee

# **SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, Florida Power & Light Company Trust II certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Juno Beach, State of Florida on the 3rd day of August, 2009.

FLORIDA POWER & LIGHT COMPANY TRUST II

By:   
Name: Paul I. Cutler  
Title: Administrative Trustee

## **Exhibit Index**

- 1(a) - Form of Underwriting Agreement for the Offered Securities of FPL Group and FPL Group Capital (other than Preferred Trust Securities of FPL Group Trust and FPL Group Capital Trust and related securities, common stock of FPL Group, warrants of FPL Group and preferred stock of FPL Group and FPL Group Capital).
- 1(b) - Form of Underwriting Agreement with respect to Preferred Trust Securities of FPL Group Trust and FPL Group Capital Trust and related securities.
- 1(c) - Form of Underwriting Agreement with respect to common stock, stock purchase contracts, stock purchase units and warrants of FPL Group.
- 1(d) - Form of Underwriting Agreement with respect to preferred stock of FPL Group and FPL Group Capital (including the guarantee of FPL Group).
- 1(e) - Form of Underwriting Agreement with respect to Florida Power & Light Company's Bonds.
- 1(f) - Form of Distribution Agreement with respect to Florida Power & Light Company's Bonds.
- 1(g) - Form of Underwriting Agreement with respect to preferred stock and warrants of Florida Power & Light Company
- 1(h) - Form of Underwriting Agreement with respect to Preferred Trust Securities of FPL Trust and related securities.
- 1(i) - Form of Underwriting Agreement with respect to Florida Power & Light Company's debt securities (other than Bonds).
- 4(au) - Form of Officer's Certificate relating to FPL Group's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- 4(be) - Form of Officer's Certificate relating to FPL Group Capital's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- 4(bi) - Form of Indenture relating to Florida Power & Light Company's Senior Debt Securities, Subordinated Debentures, Junior Subordinated Debentures and Junior Subordinated Debt Securities relating to Trust Securities.
- 4(bk) - Form of Officer's Certificate relating to Florida Power & Light Company's Senior Debt Securities, including form of Senior Debt Securities.
- 4(bl) - Form of Officer's Certificate relating to Florida Power & Light Company's Subordinated Debt Securities, including form of Subordinated Debt Securities.
- 4(bo) - Form of Purchase Contract Agreement.
- 4(bp) - Form of Pledge Agreement.
- 4(bq) - Form of Remarketing Agreement.
- 5(a) - Opinion and Consent, dated August 3, 2009, of Squire, Sanders & Dempsey L.L.P., counsel to FPL Group, FPL Group Capital, Florida Power & Light Company, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II.
- 5(b) - Opinion and Consent, dated August 3, 2009, of Morgan, Lewis & Bockius LLP, counsel to FPL Group, FPL Group Capital, Florida Power & Light Company, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II.

- 5(c) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group, FPL Group Capital and FPL Group Capital Trust II.
- 5(d) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group, FPL Group Capital and FPL Group Capital Trust III.
- 5(e) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group and FPL Group Trust I.
- 5(f) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to FPL Group and FPL Group Trust II.
- 5(g) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to Florida Power & Light Company and Florida Power & Light Company Trust I.
- 5(h) - Opinion and Consent, dated August 3, 2009, of Morris James LLP, special Delaware counsel to Florida Power & Light Company and Florida Power & Light Company Trust II.
- 23(a) - Consent of Deloitte & Touche LLP, an independent registered public accounting firm.
- 25(a) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Guarantee of FPL Group Capital's Senior Debt Securities.
- 25(b) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Senior Debt Securities.
- 25(c) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Senior Debt Securities.
- 25(d) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Subordinated Debt Securities.
- 25(e) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Junior Subordinated Debentures.
- 25(f) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group's Junior Subordinated Debentures relating to Trust Securities.
- 25(g) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Senior Debt Securities.
- 25(h) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Subordinated Debt Securities.
- 25(i) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Junior Subordinated Debentures.
- 25(j) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to Florida Power & Light Company's Junior Subordinated Debentures related to Trust Securities.
- 25(k) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Subordinated Debt Securities.
- 25(l) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures.
- 25(m) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures relating to Trust Securities.
- 25(n) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures relating to Trust Securities.

- 25(o) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee with respect to FPL Group Capital's Junior Subordinated Debentures.
- 25(p) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Capital Trust II.
- 25(q) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Capital Trust III.
- 25(r) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Trust I.
- 25(s) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of FPL Group Trust II.
- 25(t) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Capital Trust II.
- 25(u) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Capital Trust III.
- 25(v) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Trust I.
- 25(w) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of FPL Group Trust II.
- 25(x) - Statement of Eligibility on Form T-1 of Deutsche Bank Trust Company Americas, as Trustee, with respect to the Mortgage.
- 25(y) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of Florida Power & Light Company Trust I.
- 25(z) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Amended and Restated Trust Agreement of Florida Power & Light Company Trust II.
- 25(aa) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of Florida Power & Light Company Trust I.
- 25(ab) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as Trustee, with respect to the Preferred Trust Securities Guarantee Agreement of Florida Power & Light Company Trust II.
- 25(ac) - Statement of Eligibility on Form T-1 of The Bank of New York Mellon, as purchase contract agent.

# CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated February 26, 2009, relating to the consolidated financial statements of FPL Group, Inc. and subsidiaries (FPL Group) and Florida Power & Light Company and subsidiaries (FPL) and the effectiveness of FPL Group's and FPL's internal control over financial reporting, appearing in the Annual Report on Form 10-K of FPL Group and FPL for the year ended December 31, 2008, and to the reference to us under the heading "Experts" in each Prospectus, which is part of this Registration Statement.

*Deloitte Touche LLP*

Miami, Florida  
July 30, 2009

# Exhibit 3(b)

Prospectus Supplement dated February 3, 2010 (including Prospectus dated August 3, 2009) with respect to the 5.69% Mortgage Bonds.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK



# **Florida Power & Light Company** **First Mortgage Bonds,** **\$500,000,000 5.69% Series due March 1, 2040**

Florida Power & Light Company will pay interest on the securities on March 1 and September 1 of each year, beginning September 1, 2010. 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-5 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 from time to time outstanding. The lien of the mortgage is discussed under "Description of Bonds—Security" beginning on page 11 of the accompanying prospectus.

**See "Risk Factors" beginning on page 2 of the accompanying prospectus to read about certain factors you should consider before making an investment in the securities.**

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

	<b>Per First Mortgage Bond</b>	<b>Total</b>
Price to Public . . . . .	99.866%	\$499,330,000
Underwriting Discount . . . . .	0.875%	\$ 4,375,000
Proceeds to Florida Power & Light Company (before expenses) . . . . .	98.991%	\$494,955,000

In addition to the Price to Public set forth above, each purchaser will pay an amount equal to the interest, if any, accrued on the securities from the date that the securities are originally issued to the date that they are delivered to that purchaser.

The securities are expected to be delivered in book-entry only form through The Depository Trust Company for the accounts of its participants, including Euroclear and Clearstream, Luxembourg, on or about February 9, 2010.

## *Joint Book-Running Managers*

**BofA Merrill Lynch                      Citi                      Credit Suisse                      Mitsubishi UFJ Securities**

## *Co-Managers*

**BBVA Securities                      KeyBanc Capital Markets                      Santander**  
**The Williams Capital Group, L.P.                      U.S. Bancorp Investments, Inc.                      UniCredit Capital Markets**

The date of this prospectus supplement is February 3, 2010.

**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 Florida Power & Light Company ("FPL") or the underwriters specifying the final terms of the offering. Neither FPL nor the underwriters have authorized anyone else to provide you with additional or different information. Neither FPL nor the underwriters are 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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## **FLORIDA POWER & LIGHT COMPANY**

The information in this section replaces the information in the “Florida Power & Light Company” section on page 6 of the accompanying prospectus.

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 in Florida. FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. FPL is a wholly-owned subsidiary of FPL Group, Inc.

### **USE OF PROCEEDS**

The information in this section adds to the information in the “Use of Proceeds” section on page 6 of the accompanying prospectus. Please read these two sections together.

FPL will add the net proceeds from the sale of the First Mortgage Bonds, 5.69% Series due March 1, 2040 (“Offered Bonds”), which are expected to be approximately \$492.6 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 general corporate purposes. As of February 1, 2010, FPL’s short-term consolidated indebtedness consisted of \$1,019 million of commercial paper, including \$629 million of FPL commercial paper outstanding which had maturities of up to 28 days and which had annual interest rates ranging from 0.15% to 0.23%. 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 information in this section adds to the information in the “Consolidated Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends” section on page 7 of the accompanying prospectus.

The FPL’s consolidated ratio of earnings to fixed charges for the nine months ended September 30, 2009 was 4.89.

## CONSOLIDATED CAPITALIZATION OF FPL AND SUBSIDIARIES

The following table shows FPL's consolidated capitalization as of December 31, 2009, and as adjusted to reflect the issuance of the Offered Bonds. 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.

	December 31, 2009	Adjusted(a)	
		Amount	Percent
	(In Millions)		
Common shareholder's equity . . . . .	\$ 8,436	\$ 8,436	57.3%
Long-term debt (excluding current maturities) . . . . .	5,794	6,294	42.7%
Total capitalization . . . . .	<u>\$14,230</u>	<u>\$ 14,730</u>	<u>100.0%</u>

- (a) To give effect to the issuance of the Offered Bonds offered by this prospectus supplement. Adjusted amounts do not reflect the addition of any premiums or deduction of any discounts or commissions in connection with the issuance of the Offered Bonds. Adjusted amounts do not reflect principal repayments of amortizing loans, principal repayments on storm-recovery bonds, increases in debt associated with a reclaimed water agreement or the effect of adjustments related to premiums and discounts. 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 prospectus supplement.

## CERTAIN TERMS OF THE OFFERED BONDS

The information in this section adds to the information in the "Description of Bonds" section beginning on page 10 of the accompanying prospectus. Please read these two sections together.

**General.** FPL will issue \$500,000,000 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 Fifteenth Supplemental Indenture, dated as of February 1, 2010, 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 5.69% per year. The Offered Bonds will mature on March 1, 2040. FPL will pay interest on the Offered Bonds on March 1 and September 1 of each year (each an "Interest Payment Date") until maturity or earlier redemption. The first Interest Payment Date will be September 1, 2010. 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 all of the Offered Bonds remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date if any of the Offered Bonds do not remain in book-entry only form. See "—Book-Entry Only Issuance—DTC."

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 December 31, 2009, FPL could have issued under the Mortgage in excess of \$7.9 billion of additional First Mortgage Bonds based on unfunded Property Additions (as defined in the accompanying prospectus) and in excess of \$5.8 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

**Dividend Restrictions.** As of December 31, 2009, 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 in accordance with the foregoing paragraph 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, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC or Mitsubishi UFJ Securities (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 Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC or Mitsubishi UFJ Securities (USA), Inc. is to make such calculation but if none is willing or able 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 The Depository Trust Company ("DTC"), then DTC will select the Offered Bonds to be redeemed in accordance with its practices as described below in "**—Book-Entry Only Issuance—DTC.**"

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 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. Upon issuance of the Offered Bonds, DTC or its nominee will credit, on its book-entry registration and transfer system, the principal amount of the Offered Bonds represented by such global securities to the accounts of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. The global certificates will be deposited with the Trustee as custodian for DTC.

Investors may hold interests in Offered Bonds in global form through DTC's participants or persons that hold interests through participants, including Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or Euroclear Bank S.A./N.V. ("Euroclear"). Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on the books of DTC.

**DTC.** 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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, who 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 whom 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 depository with respect to the Offered Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depository is obtained, certificates for the Offered Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depository. 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 depository) with

respect to some or all of the Offered Bonds. In that event, certificates for such Offered Bonds will be printed and delivered. If certificates for Offered Bonds are printed and delivered,

- the Offered Bonds will be issued in fully registered form without coupons;
- a holder of certificated Offered Bonds would be able to exchange those Offered Bonds, without charge, for an equal aggregate principal amount of Offered Bonds of the same series, having the same issue date and with identical terms and provisions; and
- a holder of certificated Offered Bonds would be able to transfer those Offered Bonds without cost to another holder, other than for applicable stamp taxes or other governmental charges.

However, FPL shall not be required to make transfers or exchanges of certificated Offered Bonds for a period of ten days next preceding any Interest Payment Date or next preceding any designation of Offered Bonds to be redeemed, and FPL shall not be required to make transfers or exchanges of any certificated Offered Bonds designated in whole or in part for redemption.

*Clearstream, Luxembourg.* Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Offered Bonds held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream, Luxembourg.

*Euroclear.* Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in

the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Offered Bonds held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for the Euroclear system.

*Global Clearance and Settlement Procedures.* Settlement for the Offered Bonds will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of the Offered Bonds received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Offered Bonds settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Offered Bonds by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

While the information in this section concerning DTC and DTC's book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that FPL believes to be reliable, none of FPL or the underwriters takes any responsibility for the accuracy of this information.

## UNDERWRITING

The information in this section adds to the information in the “Plan of Distribution” section beginning on page 41 of the accompanying prospectus. Please read these two sections together.

FPL is selling the Offered Bonds to the underwriters named in the table below pursuant to an underwriting agreement between FPL and the underwriters named below, for whom Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Mitsubishi UFJ Securities (USA), 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:

<u>Underwriter</u>	<u>Principal Amount of Offered Bonds</u>
Banc of America Securities LLC .....	\$100,000,000
Citigroup Global Markets Inc. ....	100,000,000
Credit Suisse Securities (USA) LLC .....	100,000,000
Mitsubishi UFJ Securities (USA), Inc. ....	100,000,000
BBVA Securities, Inc. ....	16,666,667
KeyBanc Capital Markets Inc. ....	16,666,667
Santander Investment Securities Inc. ....	16,666,667
The Williams Capital Group, L.P. ....	16,666,667
U.S. Bancorp Investments, Inc. ....	16,666,666
UniCredit Capital Markets, Inc. ....	16,666,666
Total .....	<u>\$500,000,000</u>

Under the terms and conditions of the underwriting agreement, the underwriters must buy all of the Offered Bonds when and 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 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.

	<u>(expressed as a percentage of principal amount)</u>
Underwriting Discount .....	0.875%
Initial Dealers’ Concession .....	0.500%
Reallowed Dealers’ Concession .....	0.300%

An underwriter may reject any or all 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.

**New Issue**

The Offered Bonds are a new issue of securities with no established trading market. FPL does not plan to list the securities on any securities exchange. The underwriters have advised FPL that they intend to make a 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.

**Price Stabilization and Short Positions**

In connection with the offering, Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Mitsubishi UFJ Securities (USA), 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, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC or Mitsubishi UFJ Securities (USA), 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.

**Selling Restrictions*****General***

The Offered Bonds are being offered for sale in the United States and in certain jurisdictions outside the United States, subject to applicable law.

***United Kingdom***

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Offered Bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Offered Bonds will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

***European Union Prospectus Directive***

In relation to each Member State of the European Economic Area that has implemented the EU Prospectus Directive (as defined below) (each, a "Relevant Member State"), from and including the

date on which the EU Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer of the Offered Bonds may not be made to the public in that Relevant Member State, except that an offer of the Offered Bonds may be made to the public, with effect from and including the Relevant Implementation Date, in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the underwriter for any such offer; or
- in any other circumstances which do not require the publication by FPL of a EU prospectus pursuant to Article 3 of the EU Prospectus Directive,

provided that no such offer of securities shall require FPL or any underwriter to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Offered Bonds" in relation to any Offered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Bonds, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State, and the expression "EU Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### ***Hong Kong***

The Offered Bonds have not been and will not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong); and no advertisement, invitation or document relating to the Offered Bonds may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Offered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

#### ***Japan***

The Offered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "Financial Instruments and Exchange Act") or any other laws, regulations or ministerial guidelines of Japan, and accordingly the Offered Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan and any branch or other office in Japan

of a corporation or other entity organized under the laws of any foreign state), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Singapore***

This prospectus supplement has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offered Bonds may not be circulated or distributed, nor may the Offered Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Offered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offered Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (A) to institutional investors under Section 274 of the SFA or to relevant persons (as defined in Section 275(2) of the SFA) and in accordance with the conditions, specified in Section 275 of the SFA;
- (B) (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA, or (in the case of a trust) where the transfer arises from an offer that is made on terms that such rights or interests are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (C) where no consideration is or will be given for the transfer; or
- (D) where the transfer is by operation of law.

### **Expenses and Indemnification**

FPL estimates that its expenses in connection with the sale of the Offered Bonds, other than underwriting discounts, will be \$2.4 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.

**Certain Relationships**

The underwriters and their affiliates may engage in transactions with, and perform services for, FPL and its affiliates in the ordinary course of business and have engaged, and may engage in the future, in commercial banking and/or investment banking transactions with FPL and its affiliates.

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**PROSPECTUS**

**FLORIDA POWER & LIGHT COMPANY**

**Preferred Stock,  
Warrants,  
First Mortgage Bonds,  
Senior Debt Securities,  
Subordinated Debt Securities  
and  
Junior Subordinated Debentures**

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**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**

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Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II may offer any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized from time to time. This prospectus may also be used by a selling securityholder of the securities described herein.

One or more of 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 41 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 purchasing any of the securities being offered.**

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 33408-0420, telephone number (561) 694-4000, and their mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

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**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 3, 2009

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## 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 and certain of their affiliates 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 each are referred to in this prospectus as the "Trust."

Under this shelf registration process, FPL and/or the Trust may issue and sell any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized by the board of directors of FPL. FPL may offer any of the following securities: preferred stock, warrants to purchase preferred stock, first mortgage bonds, senior debt securities, subordinated debt securities, junior subordinated debentures and guarantees related to the preferred trust securities which the Trust may offer. Unless otherwise stated in a prospectus supplement, the Trust may offer preferred trust securities.

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. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement if necessary. The applicable prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable 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 risk factors and 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 as well as changing governmental policies and regulatory actions. 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, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of generation facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, transmission reliability and present or prospective wholesale and retail competition. This substantial and complex framework exposes FPL to increased compliance costs and potentially significant monetary penalties for non-compliance. 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 also is subject to extensive federal, state and local environmental statutes, rules and regulations, as well as the effect of changes in or additions to applicable statutes, rules and regulations that relate to, or in the future may relate to, for example, air quality, water quality, climate change, greenhouse gas emissions, carbon dioxide emissions, waste management, marine and wildlife mortality, natural resources, health, safety and renewable portfolio standards 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 regulation, deregulation or restructuring of the energy industry, including, for example, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable and clean energy sources and reduction of carbon emissions. FPL will need to adapt to these changes and may face increasing costs and competitive pressure in doing so.

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

**The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of FPL.**

The operation and maintenance of power generation, transmission and distribution facilities involve many risks, including, for example, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL's generation fleets and transmission and distribution systems, use of new or unproven technology, the dependence on a specific fuel source, failures in the supply or transportation of fuel, the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes, floods and droughts), and performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, for example, lost revenues due to prolonged outages and increased expenses due to monetary penalties or

finer, replacement equipment costs or an obligation to purchase or generate replacement power 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.

**The operation and maintenance of nuclear facilities involves inherent risks, including environmental, health, regulatory, terrorism and financial risks, that could result in fines or the closure of nuclear units owned by FPL, and which may present potential exposures in excess of insurance coverage.**

FPL owns, or holds undivided interests in, nuclear generation facilities in Florida. These nuclear facilities are subject to environmental, health and financial risks such as on-site storage of spent nuclear fuel, the ability to dispose of spent nuclear fuel, the ability to maintain adequate reserves for decommissioning, potential liabilities arising out of the operation of these facilities, and the threat of a possible terrorist attack. Although FPL maintains decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks, it is possible that the cost of decommissioning the facilities could exceed the amount available in the decommissioning trusts, and that liability and property damages could exceed the amount of insurance coverage.

The Nuclear Regulatory Commission has broad authority to impose licensing and safety-related requirements for the construction and operation and maintenance of nuclear generation facilities. In the event of non-compliance, the Nuclear Regulatory Commission has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Nuclear Regulatory Commission orders or new regulations related to increased security measures and any future safety requirements promulgated by the Nuclear Regulatory Commission could require FPL to incur substantial operating and capital expenditures at its nuclear plants. In addition, if a serious nuclear incident were to occur at an FPL plant, it could result in substantial costs. A major incident at a nuclear facility anywhere in the world could cause the Nuclear Regulatory Commission to limit or prohibit the operation or licensing of any domestic nuclear unit.

In addition, potential terrorist threats and increased public scrutiny of utilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

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

The ability of FPL to complete construction of, and capital improvement projects for, its power generation and transmission facilities on schedule and within budget are contingent upon many variables that could delay completion, increase costs or otherwise adversely affect operational and financial results, including, for example, limitations related to transmission interconnection issues, escalating costs for materials and labor and environmental compliance, delays with respect to permits and other approvals, and disputes involving third parties, and are subject to substantial risks. Should any such efforts be unsuccessful or delayed, FPL could be subject to additional costs, termination payments under committed contracts, loss of tax credits 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 or the payment of margin cash collateral that adversely impact the results of operations or cash flows of FPL.**

FPL uses derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage its commodity and financial market risks. FPL could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. In the absence of actively quoted market prices and pricing information from

external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

**Customer growth and customer usage in FPL's service area affect FPL's results of operations.**

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

**Weather affects FPL's results of operations, as can the impact of severe weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities.**

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities. 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 Florida Public Service Commission approval.

**Adverse capital and credit market conditions may adversely affect FPL's ability to meet liquidity needs, access capital and operate and grow its business, and increase the cost of capital. Disruptions, uncertainty or volatility in the financial markets can also adversely impact the results of operations and financial condition of FPL.**

Having access to the credit and capital markets, at a reasonable cost, is necessary for FPL to fund its operations, including its capital requirements. Those markets have provided FPL with the liquidity to operate and grow its business that is not otherwise provided from operating cash flows. Disruptions, uncertainty or volatility in those markets can increase FPL's cost of capital. If FPL is unable to access the credit and capital markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and/or bear an unfavorable cost of capital, which, in turn, could adversely impact its ability to grow its business, decrease earnings and/or significantly reduce financial flexibility.

**FPL's inability to maintain its current credit ratings may adversely affect FPL's liquidity, limit the ability of FPL to grow its business, and would likely increase interest costs.**

FPL relies on access to capital and credit markets as significant sources of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL to maintain its current credit ratings could affect its ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

**FPL is subject to credit and performance risk from third parties under supply and service contracts.**

FPL relies on contracts with vendors for the supply of equipment, materials, fuel and other goods and services required for the construction and operation of, and for capital improvements to, its facilities, as well as for business operations. If vendors fail to fulfill their contractual obligations, FPL

may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption to its operations.

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

FPL is subject to costs and other potentially adverse effects of legal and regulatory proceedings, settlements, investigations and claims, as well as regulatory compliance and the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws, corporate governance requirements and labor and employment laws.

FPL, as an owner and operator of bulk power transmission systems, is subject to mandatory reliability standards promulgated by the North American Electric Reliability Corporation and enforced by the Federal Energy Regulatory Commission. These standards, which previously were being applied on a voluntary basis, became mandatory in June 2007. Noncompliance with these mandatory reliability standards could result in sanctions, including substantial monetary penalties, which likely would not be recoverable from customers.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL's business may impact the operations of FPL in unpredictable ways.**

FPL is subject to direct and indirect effects of terrorist threats and activities as well as cyber attacks and disruptive activities of individuals and/or groups. Infrastructure facilities and systems, including, for example, generation, transmission and distribution facilities, physical assets and information systems, in general, have been identified as potential targets. The effects of these threats and activities include, but are not limited to, the inability to generate, purchase or transmit power, the delay in development and construction of new generating facilities, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, 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 adversely affected by international, 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 adversely affected by international, national, state or local events as well as company-specific events.

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

FPL is subject to employee workforce factors, including, for example, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs and collective bargaining agreements with union employees and work stoppage that could adversely affect the business and financial condition of FPL.

## **FLORIDA POWER & LIGHT COMPANY**

FPL was incorporated under the laws of Florida in 1925. FPL is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. At December 31, 2008, FPL supplied electric service to a population of more than 8.7 million, throughout most of the east and lower west coasts of Florida. During 2008, FPL served approximately 4.5 million customer accounts.

## **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 Mellon as the Property Trustee, BNY Mellon Trust of Delaware as the Delaware Trustee and one or more Administrative Trustees appointed by FPL. At the time of the issuance of securities by the Trust, the applicable trust agreement 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." Unless otherwise stated in a prospectus supplement,

- 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, and
- the common trust securities will represent at least 3% of the total capital of the applicable 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 will have a term as stated in the applicable prospectus supplement, but may dissolve earlier as provided in the Trust Agreement.

The Trust's business and affairs will be conducted by its Administrative Trustees.

## **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 repurchase outstanding debt, 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.

Unless otherwise stated in a prospectus supplement, 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.

**CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS  
TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

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,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.74

The following table shows FPL's consolidated ratio of earnings to combined fixed charges and preferred stock dividends for each of its last five fiscal years:

Years Ended December 31,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.67

FPL's consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended June 30, 2009 was 4.06.

**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, the SEC maintains an Internet site ([www.sec.gov](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 ([www.fpl.com](http://www.fpl.com)). Information on FPL's Internet site is not a part of this prospectus.

FPL and the Trust do not expect the Trust to file reports or other information with the SEC 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 (other than any documents, or portions of documents, not deemed to be filed) until FPL and/or the Trust sell all of the securities covered by the registration statement:

- (1) FPL's Annual Report on Form 10-K for the year ended December 31, 2008;
- (2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009; and
- (3) FPL's Current Reports on Form 8-K filed with the SEC on January 27, 2009 (with January 22, 2009 earliest report date), March 18, 2009, March 19, 2009 and July 22, 2009 (other than any documents, or portions of documents, not deemed to be filed).

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, (212) 309-6000. 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.

### FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL and the Trust are herein 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, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as “will,” “will likely result,” “are expected to,” “will continue,” “aim,” “is anticipated,” “believe,” “could,” “should,” “would,” “estimated,” “may,” “plan,” “potential,” “projection,” “target,” “outlook,” “predict,” and “intend” or words of similar meaning) 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 or implied 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, including unanticipated events, after the date on which that statement is made, unless otherwise required by law. 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.

## DESCRIPTION OF PREFERRED STOCK

**General.** The following statements describing FPL's preferred stock are not intended to be a complete description. For additional information, please see FPL's Restated Articles of Incorporation, as amended ("Charter"), and its bylaws, as currently in effect. You should read this summary together with the articles of amendment to the Charter which will describe the terms of any preferred stock to be offered hereby for a complete understanding of all the provisions. Each of these documents has previously been filed, or will be filed, with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. Reference is also made to the laws of the State of Florida.

The Charter currently authorizes three classes of preferred stock. No shares of preferred stock are presently outstanding. Unless the Charter is amended prior to the offering of the preferred stock offered hereunder to change the class or classes of preferred stock authorized to be issued, the preferred stock offered hereunder will be one or more series of FPL's Preferred Stock, \$100 par value per share ("Serial Preferred Stock") and/or one or more series of FPL's Preferred Stock, without par value ("No Par Preferred Stock"). Under the Charter, 10,414,100 shares of Serial Preferred Stock and 5,000,000 shares of No Par Preferred Stock are available for issuance. The Charter also authorizes the issuance of 5,000,000 shares of Subordinated Preferred Stock, without par value ("Subordinated Preferred Stock"). References in this "Description of Preferred Stock" section of this prospectus to preferred stock do not include the Subordinated Preferred Stock.

In the event that the Charter is amended to change its authorized preferred stock, a prospectus supplement will describe the authorized preferred 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 the 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.

In the event the trusts established by FPL issue preferred trust securities and FPL exercises a right to delay interest payments on junior subordinated debentures issued in connection with preferred trust securities, FPL will not be able to pay dividends on its common or preferred stock during the periods when such payments are delayed with certain limited exceptions.

Any shares of preferred stock offered hereunder by FPL will, when issued, be fully paid and non-assessable.

**Voting Rights.** FPL Group, as the owner of all of FPL's common stock, has sole voting power with respect to FPL, except as provided in the Charter 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. The

voting rights provided in the Charter relating to the Serial Preferred Stock and the No Par Preferred Stock will be described in the applicable prospectus supplement relating to any particular preferred stock being offered.

**Liquidation Rights.** In the event of any voluntary liquidation, dissolution or winding up of FPL, unless otherwise described in a particular prospectus supplement, the 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 Subordinated Preferred 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 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 Subordinated Preferred 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 Subordinated Preferred 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,

plus, in each case, all accumulated and unpaid dividends thereon, if any. Any changes to the liquidation rights of the Serial Preferred Stock and the No Par Preferred Stock will be described in the particular prospectus supplement relating to any preferred stock being offered.

#### **DESCRIPTION OF WARRANTS**

FPL may issue warrants to purchase preferred stock. A prospectus supplement will describe the terms of any such warrants being offered and any related warrant agreement between FPL and a warrant agent.

#### **DESCRIPTION OF BONDS**

**General.** FPL will issue 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 (formerly known as Bankers Trust Company), 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. The Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." The first mortgage bonds offered pursuant to this prospectus and any applicable prospectus supplement are referred to as the "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 under "—Issuance of Additional Bonds." The Bonds and all other first mortgage bonds issued under the Mortgage are collectively referred to in this prospectus as the "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 creating the Bonds for a complete understanding of all the provisions. The Mortgage and the form of supplemental indenture have previously been 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.

All Bonds of one series need not be issued at the same time, and a series may be re-opened for issuances of additional Bonds of such particular series. This means that FPL may from time to time, without notice to, or the consent of the existing holders of the previously-issued Bonds of a particular series, create and issue additional Bonds of such series. Such additional Bonds will have the same terms as the Bonds of such series in all respects (except for the payment of interest accruing prior to the issue date of the additional Bonds or except for the first payments of interest following the issue date of the additional Bonds) so that the additional Bonds may be consolidated and form a single series with the previously-issued Bonds of such series.

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 particular prospectus supplement relating to that specific series of 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.

**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 for such reason at the redemption prices applicable to those First Mortgage Bonds. If any Bonds are so 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 (as such term is defined in the Mortgage), and
- (3) the amount of cash that FPL deposits with the Trustee.

"Property Additions" generally include the following:

- (a) plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems,
- (b) nuclear fuel that has been expressly subjected to the lien of the Mortgage,
- (c) railroad cars, barges and other transportation equipment (other than trucks) for the transportation of fuel, and

- (d) 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 (a) through (d) immediately 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 pertinent 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 pertinent 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 June 30, 2009, FPL could have issued under the Mortgage in excess of \$7.2 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of \$5.8 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 (as such term is defined in the Mortgage), 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 waiver 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 June 30, 2009, 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 66⅔% 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 66⅔% 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.

Notwithstanding the immediately preceding paragraph, 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 when due,
- (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 pertaining to FPL, and
- (6) the expiration of 90 days following notice by the Trustee or the holders of 15% of the First Mortgage Bonds relating to any failure by FPL to perform its other covenants under the Mortgage.

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 SENIOR DEBT SECURITIES AND SUBORDINATED DEBT SECURITIES**

FPL may issue its debt securities (other than (i) the Bonds and (ii) the FPL Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures")), in one or more series, under one or more Indentures, between FPL and The Bank of New York Mellon, as trustee. The terms of any offered debt securities will be described in a supplement to this prospectus.

#### **DESCRIPTION OF PREFERRED TRUST SECURITIES**

**General.** The Trust may issue preferred trust securities and common trust securities under the Trust Agreement.

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." The 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. Unless otherwise specified in a prospectus supplement, the Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures") will be held by

the Trust. 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 previously been 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 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).

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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 (the "Preferred Trust Securities Guarantee") of payments due on the Preferred Trust Securities to the extent of the Trust's legally available assets.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 its 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 Mellon, 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 issued in connection therewith. 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 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 Preferred Trust Securities Guarantee."

If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods, in which case, distributions on the Preferred Trust Securities would be deferred during any such period. Unless otherwise provided in the related prospectus supplement, distributions would, however, continue to accumulate. (Trust Agreement, Section 4.01). Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;
  - (e) 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
  - (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to

any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full.

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. No interest period may be deferred 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 laws, 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 related 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 related 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 related 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 related 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 related 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 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 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 related 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 related 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 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 previously been 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 Mellon 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.

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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) the Preferred Trust Securities Guarantee.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 JUNIOR SUBORDINATED DEBENTURES

**General.** The junior subordinated debentures issued by FPL are referred to in this prospectus as the "Junior Subordinated Debentures." 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 one or more indentures between FPL and The Bank of New York Mellon, as trustee. The indenture or indentures pursuant to which Junior Subordinated Debentures may be issued, as the same may be amended and supplemented from time to time, are referred to in this prospectus as the "Subordinated Indenture." The Bank of New York Mellon, 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 or the Subordinated Indenture. You should read this summary together with the Subordinated Indenture and the officer's certificates or other documents creating 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 create a series of Junior Subordinated Debentures and a form of the Junior Subordinated Debentures have previously been 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 the principal amount of each series will be limited 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. The term "Senior Indebtedness" will be defined in the related prospectus supplement. 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 series of Junior Subordinated Debentures without providing that security to all outstanding Junior Subordinated Debentures in accordance with 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 particular prospectus supplement relating to that specific series of 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 the principal will be paid,
- (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 interest will be paid and the record date for any interest payable on any interest payment date,

- (5) the person to whom interest will be paid 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 payments will be made 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, including any 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 those Junior Subordinated Debentures may be issued, if other than denominations of \$25 and any integral multiple of \$25,
- (11) the currency or currencies in which the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid (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 the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid 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) events of default, if any, with respect to those Junior Subordinated Debentures and covenants, if any, 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,
- (19) any other provisions for the reinstatement of FPL's indebtedness in respect of those Junior Subordinated Debentures after their satisfaction and discharge,

- (20) if those Junior Subordinated Debentures will be issued in global form, necessary information relating to the issuance of those Junior Subordinated Debentures in global form,
- (21) if those Junior Subordinated Debentures will be issued as bearer securities, necessary information relating to the issuance of those Junior Subordinated Debentures as bearer securities,
- (22) 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,
- (23) 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,
- (24) any collateral security, assurance, or guarantee for those Junior Subordinated Debentures,
- (25) the designation of the trust to which the Junior Subordinated Debentures are to be issued,
- (26) the terms relating to any additional interest that may be payable as a result of any tax, assessment or governmental charges, and
- (27) 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).

**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 Mellon, 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 Mellon, 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 Defer Interest Payments.** If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods. As a consequence, distributions on the Preferred Trust Securities would be deferred during any optional deferral period. Interest would, however, continue to accrue on the Junior Subordinated Debentures. Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;

- (e) 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
- (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full. (Subordinated Indenture, Section 608).

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. Unless otherwise provided in the related prospectus supplement, no optional deferral period may exceed the period of time specified in that prospectus supplement. No interest period may be deferred beyond the maturity of the Junior Subordinated Debentures. FPL will give the Trust and the Subordinated Indenture Trustee notice of its election of an optional deferral 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 defer 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 if such taxes, duties, assessments or other governmental charges had not been imposed. (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 laws, 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:

- (a) any consolidation or merger after the consummation of which FPL would be the surviving or resulting entity;
- (b) 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;
- (c) 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
- (d) 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 failure to pay interest during a valid optional deferral period 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 (i) FPL receive written notice of such failure to comply from the Subordinated Indenture Trustee, or (ii) 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, or
- (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 (i) the Subordinated Indenture Trustee or (ii) 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 either (i) the Subordinated Indenture Trustee or (ii) 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 the relevant series,
  - (b) the principal of and any premium on any Subordinated Indenture Securities of the relevant series that have become due for reasons other than that declaration, and interest that is then due,
  - (c) interest on overdue interest for the relevant series, and
  - (d) all amounts then 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 the relevant 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).

A registered owner of a Subordinated Indenture Security has the right to institute a suit for the enforcement of payment of the principal of or 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). No registered owner of Subordinated Indenture Securities of any series will have any other right to institute any proceeding under the Subordinated Indenture, or exercise any other 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).

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, 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 particular series or tranche only
  - (a) when the required consent of the registered owners of Subordinated Indenture Securities of that particular series or tranche has been obtained, or
  - (b) when no Subordinated Indenture Securities of that particular 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 create 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 all, or any series or tranche of, the Subordinated Indenture Securities,
- (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 Defer Interest Payments”) 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 particular 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 particular 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 particular 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 (i) the holders of a majority in aggregate liquidation preference of all outstanding Preferred Trust Securities affected or (ii), 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 conflict of laws principles thereunder, 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 Mellon. The Bank of New York Mellon would act as (i) Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement described under "Description of Preferred Trust Securities Guarantee" above, (ii) Property Trustee under the Trust Agreement and (iii) Subordinated Indenture Trustee, security registrar and paying agent under the Subordinated Indenture. BNY Mellon Trust of 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.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

**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 reallocated 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 reallocated 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 agent for FPL or the Trust, 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.

In compliance with guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum consideration or discount to be received by any FINRA member or independent broker may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

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 in this prospectus by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of FPL's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## **LEGAL OPINIONS**

Morgan, Lewis & Bockius LLP, New York, New York and Squire, Sanders & Dempsey L.L.P., West Palm Beach, Florida, co-counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II, will pass upon the legality of the Offered Securities for FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. 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 LLP, special Delaware counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. Morgan, Lewis & Bockius 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 on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Morgan, Lewis & Bockius LLP, and on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities.

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**You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement or in any written communication from FPL or the Trust specifying the final terms of a particular offering of securities. 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.**

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# **Florida Power & Light Company**

**First Mortgage Bonds,**

**\$500,000,000 5.69% Series due March 1, 2040**



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**PROSPECTUS SUPPLEMENT**

**February 3, 2010**

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**BofA Merrill Lynch**

**Citi**

**Credit Suisse**

**Mitsubishi UFJ Securities**

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**BBVA Securities**

**KeyBanc Capital Markets**

**Santander**

**The Williams Capital Group, L.P.**

**U.S. Bancorp Investments, Inc.**

**UniCredit Capital Markets**

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# Exhibit 3(c)

Prospectus Supplement dated December 6, 2010 (including Prospectus dated August 3, 2009) with respect to the 5.25% Mortgage Bonds.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK



# Florida Power & Light Company

## First Mortgage Bonds,

### \$400,000,000 5.25% Series due February 1, 2041

Florida Power & Light Company will pay interest on the securities on February 1 and August 1 of each year, beginning February 1, 2011. Florida Power & Light Company may redeem some or all of the securities at any time before their maturity date at the redemption prices discussed under “Certain Terms of the Offered Bonds—Redemption” beginning on page S-14 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 from time to time outstanding. The lien of the mortgage is discussed under “Description of Bonds—Security” beginning on page 11 of the accompanying prospectus.

**See “Risk Factors” beginning on page S-3 of this prospectus supplement to read about certain factors you should consider before making an investment in the securities.**

Neither the Securities and Exchange Commission nor any other securities commission in any jurisdiction has approved or disapproved of the 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 . . . . .	99.752%	\$399,008,000
Underwriting Discount . . . . .	0.875%	\$ 3,500,000
Proceeds to Florida Power & Light Company (before expenses) . . . . .	98.877%	\$395,508,000

In addition to the Price to Public set forth above, each purchaser will pay an amount equal to the interest, if any, accrued on the securities from the date that the securities are originally issued to the date that they are delivered to that purchaser.

The securities are expected to be delivered in book-entry only form through The Depository Trust Company for the accounts of its participants on or about December 9, 2010.

#### *Joint Book-Running Managers*

<b>Credit Agricole CIB</b>	<b>Mizuho Securities USA Inc.</b>	<b>Scotia Capital</b>
<b>US Bancorp</b>	<b>Wells Fargo Securities</b>	
<i>Co-Managers</i>		
BBVA Securities	BNY Mellon Capital Markets, LLC	Loop Capital Markets
		UBS Investment Bank

The date of this prospectus supplement is December 6, 2010.

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 Florida Power & Light Company ("FPL") or the underwriters specifying the final terms of the offering. Neither FPL nor the underwriters have authorized anyone else to provide you with additional or different information. Neither FPL nor the underwriters are 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 risk factors and other information incorporated by reference or provided in the accompanying prospectus or in this prospectus supplement in order to evaluate an investment in the securities.*

### **FPL’s results of operations may be adversely affected by the extensive regulation of its business.**

The operations of FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, some but not all of which is more specifically identified in the following risk factors, regulates, among other things, FPL’s industry, rate and cost structure, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, decommissioning costs, transmission reliability and present or prospective wholesale and retail competition. In its business planning and in the management of its operations, FPL must address the effects of regulation on its business and proposed changes in the regulatory framework. Significant changes in the nature of the regulation of FPL’s business could require changes to its business planning and management of its business and could adversely affect its results of operations and the value of its assets. FPL must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective orders. Should FPL be unsuccessful in obtaining necessary licenses or permits or should these regulatory authorities initiate any investigations or enforcement actions or impose penalties or disallowances on FPL, FPL’s business could be adversely affected. FPL’s results of operations also could be affected by FPL’s inability to negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.

### **FPL’s financial performance could be negatively affected if FPL is unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from its customers through regulated rates and cost recovery clauses.**

FPL is a regulated entity subject to the jurisdiction of the Florida Public Service Commission (“FPSC”) over a wide range of business activities, including, among other items, the retail rates charged to its customers, the terms and conditions of its services, procurement of electricity for its customers, issuance of securities, transfers of some utility assets and facilities to affiliates, and aspects of the siting and operation of its generating plants and transmission and distribution systems for the sale of electric energy. The FPSC also has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere, can restrict FPL’s ability to grow earnings and does not provide any assurance as to achievement of authorized or other earnings levels. FPL’s financial condition and results of operations could be materially adversely affected if FPL is unable to recover through retail base rates and cost recovery clauses any material amount of its costs in a timely manner, a return on certain assets or an appropriate return on capital.

Decisions of the FPSC have been and, in the future, may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere and may adversely affect the financial condition and results of operations of FPL. These decisions may require, for example, FPL to cancel or delay planned development activities and to reduce or delay other planned capital expenditures which could reduce the earnings potential of FPL.

**FPL is subject to federal regulatory compliance and proceedings which have significant compliance costs and expose it to substantial monetary penalties and other sanctions.**

In addition to the regulatory risks that may affect FPL discussed above, the extensive federal regulation of the operations of FPL exposes the company to significant and increasing compliance costs. FPL also is subject to costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties for non-compliance. As an example, under the Energy Policy Act of 2005, FPL, as an owner and operator of bulk power transmission systems and electric generation facilities, is subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject FPL to higher operating costs and may result in increased capital expenditures. If FPL is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions.

**FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.**

From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting FPL. Adverse press coverage and other adverse statements may result in some type of investigation by regulators, legislators and law enforcement officials or in lawsuits. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of FPL's senior management from its business. Addressing any adverse publicity, governmental scrutiny and legal and enforcement proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can also have a negative impact on the reputation of FPL and on the morale and performance of its employees, which could adversely affect its business and results of operations.

**FPL's business is subject to risks associated with legislative and regulatory initiatives.**

FPL operates in a changing market environment influenced by various legislative and regulatory initiatives, including, for example, initiatives regarding regulation, deregulation or restructuring of the energy industry and regulation of the commodities trading markets. FPL will need to adapt to any changes and may face increasing costs and competitive pressures in doing so. FPL's results of operations and growth prospects could be adversely affected as a result of future legislation or regulatory initiatives, including, but not limited to, those that reverse or restrict the competitive restructuring of the energy industry or the effective operation of the commodities trading markets.

**FPL is subject to numerous environmental laws and regulations that require capital expenditures, increase its cost of operations and may expose it to liabilities.**

FPL is subject to extensive federal, state, and local environmental statutes, rules, and regulations relating to air quality, water quality, climate change, greenhouse gas ("GHG"), including, but not limited to, carbon dioxide ("CO<sub>2</sub>") emissions, waste management, hazardous wastes, marine and wildlife mortality, natural resources, health, safety and renewable portfolio standards ("RPS") that could, among other things, restrict the output of some existing facilities, limit the use of some fuels required for the production of electricity, 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 as a result of new legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. Violations of certain of these statutes, rules and regulations could expose FPL to third party disputes and potentially significant monetary and criminal penalties, as well as other sanctions for non-compliance.

**FPL's business could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of GHG emissions.**

Federal or state laws or regulations may be adopted that would impose new or additional limits on GHG, including, but not limited to, CO<sub>2</sub> and methane, from electric generating units storing and combusting fossil fuels like coal and natural gas. The potential effects of such GHG emission limits on FPL's electric generating units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of GHG emission reduction offsets, the development of cost effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives. While FPL's electric generating units emit GHGs at a lower rate of emissions than most of the U.S. electric generation sector, the results of operations of FPL could be adversely affected to the extent that any new GHG emission limits, among other potential impacts:

- create substantial additional costs in the form of taxes or emission allowances;
- make some of FPL's electric generating units uneconomical to operate in the long term;
- require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or
- affect the availability or cost of fossil fuels.

**The operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear units owned by FPL and in increased costs and capital expenditures.**

FPL owns, or holds undivided interests in, four nuclear generation units in the State of Florida. The operation and maintenance of the facilities involve inherent risks, including, but not limited to, the following:

The nuclear generation facilities are subject to environmental, health and financial risks, such as risks relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, emissions of tritium and other radioactive elements in the event of a nuclear accident or failure or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. Although FPL maintains decommissioning funds and external insurance coverage which are intended to minimize the financial exposure to some of these risks, the cost of decommissioning the facilities could exceed the amount available in the decommissioning funds, and the liability and property damages could exceed the amount of insurance coverage. In the event of an incident at any nuclear reactor in the United States, FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of its participation in a secondary financial protection system and nuclear insurance mutual companies.

The U.S. Nuclear Regulatory Commission ("NRC") has broad authority to impose licensing and safety-related requirements for the construction, operation and maintenance of nuclear generation facilities. In the event of non-compliance, the NRC has the authority to impose fines or shut down a nuclear unit, or to take both of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require FPL to incur substantial operating and capital expenditures at its nuclear generation facilities. In addition, any serious nuclear incident occurring at an FPL plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit. An incident at a nuclear

facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, which could increase costs and result in additional capital expenditures.

The operating licenses for FPL's nuclear generation facilities extend through at least 2032. If any of FPL's nuclear generation units cannot be operated through the end of their respective operating licenses, FPL's results of operations could be adversely affected by increased depreciation rates, impairment charges and accelerated future decommissioning costs.

Terrorist threats and increased public scrutiny of nuclear generation facilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

**FPL's operating results could suffer if it does not proceed with projects under development or is unable to complete the construction of, and capital improvements to, generation, transmission, distribution and other facilities on schedule and within budget.**

FPL may incur significant costs for development of projects, including, but not limited to, preliminary engineering, permitting, legal, and other expenses before it can be established whether a project is feasible, economically attractive, or capable of being financed. The ability of FPL to complete construction of, and capital improvement projects for, its generation, transmission, distribution and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, delays in obtaining permits and other approvals, disputes involving third parties, negative publicity, transmission interconnection issues and other factors or failures. If any development project or construction or capital improvement project is not completed or is delayed or subject to cost overruns, FPL's operational and financial results may be adversely affected. In any such event, among other matters, FPL could be subject to additional costs, which may not be recoverable from ratepayers, termination payments under committed contracts, loss of tax credits or the write-off of its investment in the project.

**The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of FPL.**

The operation and maintenance of power generation, transmission and distribution facilities involve many risks, such as those identified elsewhere in these risk factors and those arising due to:

- risks of start-up operations;
- failures in the supply, availability or transportation of fuel;
- the impact of unusual or adverse weather conditions, including, but not limited to, natural disasters such as hurricanes, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;
- risks of human injury from energized equipment;
- availability of adequate water resources and ability to satisfy water discharge requirements;
- inability to properly manage or mitigate known equipment defects throughout FPL's generation fleets and transmission and distribution systems;
- use of new or unproven technology; and
- dependence on a specific fuel source.

The occurrence of any of these effects or events could result in, among other matters, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines, replacement equipment costs or an obligation to purchase or generate replacement power 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.

**FPL is subject to credit and performance risk from customers and suppliers.**

FPL is exposed to risks associated with the creditworthiness and performance of its key customers and of its key vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for its business operations and for the construction and operation of, and for capital improvements to, its facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers and vendors, may affect the ability of some customers and vendors to perform as required under its contracts. If any vendor fails to fulfill its contractual obligations, FPL may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of its operations. If the defaulting counterparty is in poor financial condition, FPL may not be able to recover damages for any contract breach.

**FPL's results of operations may continue to be negatively affected by slower customer growth and customer usage in FPL's service area.**

FPL's results of operations are affected by the growth in customer accounts in FPL's service area and by customer usage, each of which directly influences the demand for electricity and the need for additional power generation and power delivery facilities. A lack of growth or slower growth in the number of FPL's retail customers or in non-weather related customer usage, such as that which has occurred over the past several years, could adversely affect FPL's results of operations. Customer growth and customer usage are affected by a number of factors outside the control of FPL, such as mandated energy efficiency measures, demand side management goals, and economic and demographic conditions in Florida and elsewhere such as population, job and income growth, housing starts and new business formation. As a result, FPL may make, but not fully realize the anticipated benefits from, significant investments and expenditures, which could adversely affect its results of operations.

**FPL's financial position and results of operations are subject to risks associated with weather conditions, such as the impact of severe weather.**

FPL's results of operations can be negatively affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities, including, but not limited to solar powered facilities. For example, the level of solar resource affects the results of operations of solar generating facilities. Since the levels of solar resources are variable and difficult to predict, FPL's results of operations for individual solar facilities vary or may vary significantly from period to period depending on the level of available resources. To the extent that resources are not available at planned levels, the returns from these facilities may be less than expected.

In addition, FPL's financial position and results of operations would be affected by the impact of severe weather, such as hurricanes, floods and earthquakes, which can be destructive and cause power outages and property damage, affect fuel supply, and require FPL to incur additional costs to restore service and repair damaged facilities. A disruption or failure of electric generation, transmission or distribution systems or natural gas transmission, storage or distribution systems in the event of a hurricane, tornado, or other severe weather event could prevent FPL from operating its business in the normal course. At FPL, recovery of these costs to restore service and repair damaged facilities is

subject to FPSC approval, and any determination by the FPSC not to permit timely and full recovery of the costs incurred would result in a negative financial impact on FPL.

**Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect FPL's ability to fund its liquidity and capital needs and to meet its growth objectives, and can also adversely impact the results of operations and financial condition of FPL.**

FPL relies on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those credit and capital markets, such as conditions existing during periods in 2008 and 2009, could increase FPL's cost of capital. If FPL is unable to access regularly the credit and capital markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and/or incur an unfavorable cost of capital, which, in turn, could adversely affect its ability to grow its business and could contribute to lower earnings and reduced financial flexibility.

**FPL's inability to maintain its current credit ratings may adversely affect FPL's liquidity, limit the ability of FPL to grow its business, and increase interest costs, while the liquidity of the company also could be impaired by the inability of its credit providers to maintain their current credit ratings or to fund their credit commitments.**

The inability of FPL to maintain its current credit ratings could affect its ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL's ability to grow its business, service indebtedness or repay borrowings, and would likely increase its interest costs. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory actions. FPL cannot assure that one or more of its ratings will not be lowered or withdrawn entirely by a rating agency.

The inability of FPL's credit providers to maintain credit ratings acceptable under various agreements, or to fund their credit commitments, could require FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral.

**The use of derivative contracts by FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect its results of operations or cash flows.**

FPL uses derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage its commodity and financial market risks. FPL could recognize financial losses as a result of volatility in the market values of these derivative instruments, or if a counterparty fails to perform or make payments under these derivative instruments, and could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. 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. Although FPL executes transactions in derivative instruments on either recognized exchanges or via the over-the-counter markets, depending on the most favorable credit and market execution factors, there is greater volatility and less liquidity in transactions executed in over-the-counter markets and, as a result, FPL may not be able to execute such transactions in times of market volatility. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.

FPL has hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms, that may not work as planned. Risk management tools and metrics such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines are based on historical price movements. If price movements significantly or persistently deviate from historical behavior, the risk management tools may not protect against significant losses. As a result of these and other factors, FPL cannot predict with precision the impact that risk management decisions may have on its financial results.

**Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect FPL's results of operations, financial condition and liquidity.**

FPL's provision for income taxes and reporting of tax-related assets and liabilities requires significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, financial condition and results of operations of FPL, as well as the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities which could impact, either positively or negatively, FPL's results of operations, financial condition and liquidity.

**FPL's retail business is subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to its reputation and/or the results of operations of the retail business.**

FPL's retail business requires access to sensitive customer data in the ordinary course of business. FPL's retail business may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail business. If a significant breach occurred, the reputation of FPL's retail business could be adversely affected, customer confidence could be diminished, customer information could be used for identity theft purposes, and/or FPL's retail business could be subject to legal claims, any of which may have a negative impact on the business and/or results of operations.

**A failure in FPL's operational systems or infrastructure, or those of third parties, could impair its liquidity, disrupt its business, result in the disclosure of confidential information and cause losses.**

FPL's business is highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, and cross numerous and diverse markets. Due to the size, scope and geographical reach of FPL's business, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of FPL's operational systems and infrastructure is challenging. FPL's operating systems and facilities may fail to operate properly or become disabled as a result of events that are within its control, such as operator error, and that are wholly or partially outside of its control, such as a result of severe weather or terrorist activities. Any such failure or disabling event could adversely affect FPL's ability to process transactions and provide services.

FPL also faces the risks of operational failure, termination, or capacity constraints of third parties providing electric and gas transmission services.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL's business may impact the operations of FPL in unpredictable ways and could adversely affect FPL's results of operations, financial condition and liquidity.**

FPL is subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems and physical assets, could be direct targets of, or indirectly affected by, such activities. Terrorist acts or other similar events could harm FPL's business by limiting its ability to generate, purchase or transmit power and by delaying its development and construction of new generating facilities and capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues and significant additional costs to repair and insure FPL's assets, and could adversely affect FPL's operations by contributing to disruption of supplies and markets for natural gas, oil and other fuels. They could also impair FPL's ability to raise capital by contributing to financial instability and lower economic activity.

FPL operates in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. Despite FPL's implementation of security measures, all of its technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If FPL's technology systems were to fail or be breached and be unable to recover in a timely way, FPL would be unable to fulfill critical business functions, and sensitive confidential and other data could be compromised, which could have a material adverse effect on FPL's results of operations, financial condition and liquidity.

The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect FPL's results of operations, financial condition and liquidity. In addition, these types of events could require significant management attention and resources, and could adversely affect FPL's reputation among customers and the public.

**The ability of FPL to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. FPL's insurance coverage may not provide protection against all significant losses.**

The ability of FPL to obtain insurance, as well as the cost and coverage of such insurance, could be affected by developments affecting its business, as well as by international, national, state or local events, as well as the financial condition of insurers. Insurance coverage may not continue to be available at all or at rates or on terms similar to those presently available to FPL. A loss for which FPL is not fully insured could materially and adversely affect its financial condition and results of operations. FPL's insurance may not be sufficient or effective under all circumstances and against all hazards or liabilities to which the company may be subject.

**The business and results of operations of FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.**

FPL may not be able effectively and profitably to obtain new customers, or grow its customer base, service existing customers and meet its other business plan goals if it does not attract and retain a qualified workforce. The lack of a qualified workforce, including, for example, the loss or retirement of key executives and other employees, may adversely affect service and productivity and contribute to higher training and safety costs. Over the next several years, a significant portion of FPL's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear

generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. Personnel costs also may increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. Employee strikes or work stoppages could disrupt operations and lead to a loss of customers and revenue.

**Poor market performance and other economic factors could affect FPL's nuclear decommissioning funds' asset value or defined benefit pension plan's funded status, which may adversely affect FPL's liquidity and financial results.**

FPL is required to maintain decommissioning funds to satisfy its future obligations to decommission its nuclear power plants. In addition, NextEra Energy, Inc., FPL's parent company, sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL. FPL is a wholly-owned subsidiary of NextEra Energy, Inc. A decline in the market value of the assets held in the decommissioning funds or in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for these obligations. Moreover, NextEra Energy, Inc.'s defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have an adverse effect on FPL's liquidity and financial results.

**Increasing costs associated with health care plans may adversely affect FPL's results of operations, financial position and liquidity.**

The costs of providing health care benefits to employees and retirees have increased substantially in recent years. FPL believes that its employee benefit costs, including costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with FPL's health care plans may adversely affect the company's results of operations, financial position and liquidity.

## **FLORIDA POWER & LIGHT COMPANY**

The information in this section replaces the information in the “Florida Power & Light Company” section on page 6 of the accompanying prospectus.

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 in Florida. FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2009, FPL served approximately 4.5 million customer accounts. FPL is a wholly-owned subsidiary of NextEra Energy, Inc. (formerly known as FPL Group, Inc.).

### **USE OF PROCEEDS**

The information in this section adds to the information in the “Use of Proceeds” section on page 6 of the accompanying prospectus. Please read these two sections together.

FPL will add the net proceeds from the sale of the First Mortgage Bonds, 5.25% Series due February 1, 2041 (“Offered Bonds”), which are expected to be approximately \$393.5 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 general corporate purposes. As of December 3, 2010, FPL’s short-term borrowings consisted of \$279 million of commercial paper which had maturities of up to 11 days and which had annual interest rates ranging from 0.27% to 0.28%. 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 information in this section adds to the information in the “Consolidated Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends” section on page 7 of the accompanying prospectus.

FPL’s consolidated ratio of earnings to fixed charges for the nine months ended September 30, 2010 was 5.28, and for the year ended December 31, 2009 was 4.73.

## CONSOLIDATED CAPITALIZATION OF FPL AND SUBSIDIARIES

The following table shows FPL's consolidated capitalization as of September 30, 2010, and as adjusted to reflect the issuance of the Offered Bonds. 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, 2010	Adjusted(a)	
		Amount	Percent
	(In Millions)		
Common shareholder's equity . . . . .	\$ 9,609	\$ 9,609	59.0%
Long-term debt (excluding current maturities) . . . . .	6,278	6,678	41.0%
Total capitalization . . . . .	<u>\$15,887</u>	<u>\$16,287</u>	<u>100.0%</u>

- (a) To give effect to the issuance of the Offered Bonds offered by this prospectus supplement. Adjusted amounts do not reflect the addition of any premiums or deduction of any discounts or commissions in connection with the issuance of the Offered Bonds. Adjusted amounts do not reflect principal repayments of amortizing loans, principal repayments on storm-recovery bonds, increases in debt associated with a reclaimed water agreement or the effect of adjustments related to premiums and discounts. Adjusted amounts also do not reflect any possible additional borrowings or issuance and sale of additional securities by FPL from time to time after the date of this prospectus supplement.

## CERTAIN TERMS OF THE OFFERED BONDS

The information in this section adds to the information in the “Description of Bonds” section beginning on page 10 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 Sixteenth Supplemental Indenture, dated as of December 1, 2010, 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 5.25% per year. The Offered Bonds will mature on February 1, 2041. FPL will pay interest on the Offered Bonds on February 1 and August 1 of each year (each an “Interest Payment Date”) until maturity or earlier redemption. The first Interest Payment Date will be February 1, 2011. 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 all of the Offered Bonds remain in book-entry only form, or (2) on the 15th calendar day immediately preceding each Interest Payment Date if any of the Offered Bonds do not remain in book-entry only form. See “—Book-Entry Only Issuance.”

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, 2010, FPL could have issued under the Mortgage in excess of \$8.3 billion of additional First Mortgage Bonds based on unfunded Property Additions (as defined in the accompanying prospectus) and in excess of \$5.8 billion of additional First Mortgage Bonds based on retired First Mortgage Bonds.

**Dividend Restrictions.** As of September 30, 2010, 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 at any time prior to August 1, 2040, 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 in accordance with the foregoing paragraph will be equal to the excess, if any, of:

- (1) the sum of the present values, calculated as of the Redemption Date, of:
  - (a) each interest payment that, but for such redemption, would have been payable on the Offered Bonds being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued interest for the period prior to the Redemption Date); and
  - (b) the principal amount that, but for such redemption, would have been payable at the final maturity of the Offered Bonds being redeemed; over
- (2) the principal amount of the Offered Bonds being redeemed.

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

If FPL redeems all or any part of the Offered Bonds at any time on or after August 1, 2040, it will pay a redemption price equal to 100% of the principal amount of the Offered Bonds being redeemed, plus accrued and unpaid interest thereon, if any, to the Redemption Date.

FPL will appoint an independent investment banking institution of national standing to calculate the make-whole premium; provided that Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. or Wells Fargo Securities, LLC 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 Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. or Wells Fargo Securities, LLC is to make such calculation but if none is willing or able 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 The Depository Trust Company ("DTC"), then DTC will select the Offered 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.

**Book-Entry Only Issuance.** 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. Upon issuance of the Offered Bonds, DTC or its nominee will credit, on its book-entry registration and transfer system, the principal amount of the Offered Bonds represented by such global securities to the accounts of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. The global certificates will be deposited with the Trustee as custodian for DTC.

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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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, who 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 whom 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 depository with respect to the Offered Bonds at any time by giving reasonable notice to FPL. In the event no successor securities depository is obtained, certificates for the Offered Bonds will be printed and delivered. FPL may decide to replace DTC or any successor depository. 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 depository) with respect to some or all of the Offered Bonds. In that event, certificates for such Offered Bonds will be printed and delivered. If certificates for Offered Bonds are printed and delivered,

- the Offered Bonds will be issued in fully registered form without coupons;

- a holder of certificated Offered Bonds would be able to exchange those Offered Bonds, without charge, for an equal aggregate principal amount of Offered Bonds of the same series, having the same issue date and with identical terms and provisions; and
- a holder of certificated Offered Bonds would be able to transfer those Offered Bonds without cost to another holder, other than for applicable stamp taxes or other governmental charges.

However, FPL shall not be required to make transfers or exchanges of certificated Offered Bonds for a period of ten days next preceding any Interest Payment Date or next preceding any designation of Offered Bonds to be redeemed, and FPL shall not be required to make transfers or exchanges of any certificated Offered Bonds designated in whole or in part for redemption.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that FPL believes to be reliable, none of FPL or the underwriters takes any responsibility for the accuracy of this information.

## UNDERWRITING

The information in this section adds to the information in the “Plan of Distribution” section beginning on page 41 of the accompanying prospectus. Please read these two sections together.

FPL is selling the Offered Bonds to the underwriters named in the table below pursuant to an underwriting agreement between FPL and the underwriters named below, for whom Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC 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:

<u>Underwriter</u>	<u>Principal Amount of Offered Bonds</u>
Credit Agricole Securities (USA) Inc. ....	\$ 70,857,000
Mizuho Securities USA Inc. ....	70,857,000
Scotia Capital (USA) Inc. ....	70,857,000
U.S. Bancorp Investments, Inc. ....	70,857,000
Wells Fargo Securities, LLC ....	70,857,000
BBVA Securities Inc. ....	11,429,000
BNY Mellon Capital Markets, LLC ....	11,429,000
Loop Capital Markets LLC ....	11,428,000
UBS Securities LLC ....	11,429,000
Total .....	<u>\$400,000,000</u>

Under the terms and conditions of the underwriting agreement, the underwriters must buy all of the Offered Bonds when and 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 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.

	<u>(expressed as a percentage of principal amount)</u>
Underwriting Discount .....	0.875%
Initial Dealers’ Concession .....	0.500%
Reallowed Dealers’ Concession .....	0.300%

An underwriter may reject any or all 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.

The Offered Bonds are a new issue of securities with no established trading market. FPL does not plan to list the securities on any securities exchange. The underwriters have advised FPL that they intend to make a 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, Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, 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 Credit Agricole Securities (USA) Inc., Mizuho Securities USA Inc., Scotia Capital (USA) Inc., U.S. Bancorp Investments, Inc. or Wells Fargo Securities, LLC, 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.

FPL estimates that its expenses in connection with the sale of the Offered Bonds, other than underwriting discounts, will be \$2 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.

The underwriters and their affiliates may engage in transactions with, and perform services for, FPL and its affiliates in the ordinary course of business and have engaged, and may engage in the future, in commercial banking and/or investment banking transactions with FPL and its affiliates.

#### **EXPERTS**

The information in this section replaces the information in the "Experts" section on page 43 of the accompanying prospectus.

The consolidated financial statements incorporated in this prospectus supplement by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2009, and the effectiveness of FPL's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

**PROSPECTUS**

**FLORIDA POWER & LIGHT COMPANY**

**Preferred Stock,  
Warrants,  
First Mortgage Bonds,  
Senior Debt Securities,  
Subordinated Debt Securities  
and  
Junior Subordinated Debentures**

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**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**

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Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II may offer any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized from time to time. This prospectus may also be used by a selling securityholder of the securities described herein.

One or more of 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 41 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 purchasing any of the securities being offered.**

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 33408-0420, telephone number (561) 694-4000, and their mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

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**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 3, 2009

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## **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 and certain of their affiliates 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 each are referred to in this prospectus as the "Trust."

Under this shelf registration process, FPL and/or the Trust may issue and sell any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized by the board of directors of FPL. FPL may offer any of the following securities: preferred stock, warrants to purchase preferred stock, first mortgage bonds, senior debt securities, subordinated debt securities, junior subordinated debentures and guarantees related to the preferred trust securities which the Trust may offer. Unless otherwise stated in a prospectus supplement, the Trust may offer preferred trust securities.

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. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement if necessary. The applicable prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable 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 risk factors and 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 as well as changing governmental policies and regulatory actions. 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, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of generation facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, transmission reliability and present or prospective wholesale and retail competition. This substantial and complex framework exposes FPL to increased compliance costs and potentially significant monetary penalties for non-compliance. 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 also is subject to extensive federal, state and local environmental statutes, rules and regulations, as well as the effect of changes in or additions to applicable statutes, rules and regulations that relate to, or in the future may relate to, for example, air quality, water quality, climate change, greenhouse gas emissions, carbon dioxide emissions, waste management, marine and wildlife mortality, natural resources, health, safety and renewable portfolio standards 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 regulation, deregulation or restructuring of the energy industry, including, for example, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable and clean energy sources and reduction of carbon emissions. FPL will need to adapt to these changes and may face increasing costs and competitive pressure in doing so.

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

**The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of FPL.**

The operation and maintenance of power generation, transmission and distribution facilities involve many risks, including, for example, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL's generation fleets and transmission and distribution systems, use of new or unproven technology, the dependence on a specific fuel source, failures in the supply or transportation of fuel, the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes, floods and droughts), and performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, for example, lost revenues due to prolonged outages and increased expenses due to monetary penalties or

finer, replacement equipment costs or an obligation to purchase or generate replacement power 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.

**The operation and maintenance of nuclear facilities involves inherent risks, including environmental, health, regulatory, terrorism and financial risks, that could result in fines or the closure of nuclear units owned by FPL, and which may present potential exposures in excess of insurance coverage.**

FPL owns, or holds undivided interests in, nuclear generation facilities in Florida. These nuclear facilities are subject to environmental, health and financial risks such as on-site storage of spent nuclear fuel, the ability to dispose of spent nuclear fuel, the ability to maintain adequate reserves for decommissioning, potential liabilities arising out of the operation of these facilities, and the threat of a possible terrorist attack. Although FPL maintains decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks, it is possible that the cost of decommissioning the facilities could exceed the amount available in the decommissioning trusts, and that liability and property damages could exceed the amount of insurance coverage.

The Nuclear Regulatory Commission has broad authority to impose licensing and safety-related requirements for the construction and operation and maintenance of nuclear generation facilities. In the event of non-compliance, the Nuclear Regulatory Commission has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Nuclear Regulatory Commission orders or new regulations related to increased security measures and any future safety requirements promulgated by the Nuclear Regulatory Commission could require FPL to incur substantial operating and capital expenditures at its nuclear plants. In addition, if a serious nuclear incident were to occur at an FPL plant, it could result in substantial costs. A major incident at a nuclear facility anywhere in the world could cause the Nuclear Regulatory Commission to limit or prohibit the operation or licensing of any domestic nuclear unit.

In addition, potential terrorist threats and increased public scrutiny of utilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

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

The ability of FPL to complete construction of, and capital improvement projects for, its power generation and transmission facilities on schedule and within budget are contingent upon many variables that could delay completion, increase costs or otherwise adversely affect operational and financial results, including, for example, limitations related to transmission interconnection issues, escalating costs for materials and labor and environmental compliance, delays with respect to permits and other approvals, and disputes involving third parties, and are subject to substantial risks. Should any such efforts be unsuccessful or delayed, FPL could be subject to additional costs, termination payments under committed contracts, loss of tax credits 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 or the payment of margin cash collateral that adversely impact the results of operations or cash flows of FPL.**

FPL uses derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage its commodity and financial market risks. FPL could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. In the absence of actively quoted market prices and pricing information from

external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

**Customer growth and customer usage in FPL's service area affect FPL's results of operations.**

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

**Weather affects FPL's results of operations, as can the impact of severe weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities.**

FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities. 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 Florida Public Service Commission approval.

**Adverse capital and credit market conditions may adversely affect FPL's ability to meet liquidity needs, access capital and operate and grow its business, and increase the cost of capital. Disruptions, uncertainty or volatility in the financial markets can also adversely impact the results of operations and financial condition of FPL.**

Having access to the credit and capital markets, at a reasonable cost, is necessary for FPL to fund its operations, including its capital requirements. Those markets have provided FPL with the liquidity to operate and grow its business that is not otherwise provided from operating cash flows. Disruptions, uncertainty or volatility in those markets can increase FPL's cost of capital. If FPL is unable to access the credit and capital markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and/or bear an unfavorable cost of capital, which, in turn, could adversely impact its ability to grow its business, decrease earnings and/or significantly reduce financial flexibility.

**FPL's inability to maintain its current credit ratings may adversely affect FPL's liquidity, limit the ability of FPL to grow its business, and would likely increase interest costs.**

FPL relies on access to capital and credit markets as significant sources of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL to maintain its current credit ratings could affect its ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL's ability to grow its business and would likely increase its interest costs.

**FPL is subject to credit and performance risk from third parties under supply and service contracts.**

FPL relies on contracts with vendors for the supply of equipment, materials, fuel and other goods and services required for the construction and operation of, and for capital improvements to, its facilities, as well as for business operations. If vendors fail to fulfill their contractual obligations, FPL

may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption to its operations.

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

FPL is subject to costs and other potentially adverse effects of legal and regulatory proceedings, settlements, investigations and claims, as well as regulatory compliance and the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws, corporate governance requirements and labor and employment laws.

FPL, as an owner and operator of bulk power transmission systems, is subject to mandatory reliability standards promulgated by the North American Electric Reliability Corporation and enforced by the Federal Energy Regulatory Commission. These standards, which previously were being applied on a voluntary basis, became mandatory in June 2007. Noncompliance with these mandatory reliability standards could result in sanctions, including substantial monetary penalties, which likely would not be recoverable from customers.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL's business may impact the operations of FPL in unpredictable ways.**

FPL is subject to direct and indirect effects of terrorist threats and activities as well as cyber attacks and disruptive activities of individuals and/or groups. Infrastructure facilities and systems, including, for example, generation, transmission and distribution facilities, physical assets and information systems, in general, have been identified as potential targets. The effects of these threats and activities include, but are not limited to, the inability to generate, purchase or transmit power, the delay in development and construction of new generating facilities, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, 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 adversely affected by international, 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 adversely affected by international, national, state or local events as well as company-specific events.

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

FPL is subject to employee workforce factors, including, for example, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs and collective bargaining agreements with union employees and work stoppage that could adversely affect the business and financial condition of FPL.

## **FLORIDA POWER & LIGHT COMPANY**

FPL was incorporated under the laws of Florida in 1925. FPL is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. At December 31, 2008, FPL supplied electric service to a population of more than 8.7 million, throughout most of the east and lower west coasts of Florida. During 2008, FPL served approximately 4.5 million customer accounts.

## **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 Mellon as the Property Trustee, BNY Mellon Trust of Delaware as the Delaware Trustee and one or more Administrative Trustees appointed by FPL. At the time of the issuance of securities by the Trust, the applicable trust agreement 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." Unless otherwise stated in a prospectus supplement,

- 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, and
- the common trust securities will represent at least 3% of the total capital of the applicable 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 will have a term as stated in the applicable prospectus supplement, but may dissolve earlier as provided in the Trust Agreement.

The Trust's business and affairs will be conducted by its Administrative Trustees.

## **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 repurchase outstanding debt, 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.

Unless otherwise stated in a prospectus supplement, 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.

## CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

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,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.74

The following table shows FPL's consolidated ratio of earnings to combined fixed charges and preferred stock dividends for each of its last five fiscal years:

Years Ended December 31,				
2008	2007	2006	2005	2004
4.43	4.96	5.14	5.74	6.67

FPL's consolidated ratio of earnings to fixed charges and consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended June 30, 2009 was 4.06.

## 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, the SEC maintains an Internet site ([www.sec.gov](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 ([www.fpl.com](http://www.fpl.com)). Information on FPL's Internet site is not a part of this prospectus.

FPL and the Trust do not expect the Trust to file reports or other information with the SEC 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 (other than any documents, or portions of documents, not deemed to be filed) until FPL and/or the Trust sell all of the securities covered by the registration statement:

- (1) FPL's Annual Report on Form 10-K for the year ended December 31, 2008;
- (2) FPL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009; and
- (3) FPL's Current Reports on Form 8-K filed with the SEC on January 27, 2009 (with January 22, 2009 earliest report date), March 18, 2009, March 19, 2009 and July 22, 2009 (other than any documents, or portions of documents, not deemed to be filed).

You may request a copy of these documents, at no cost to you, by writing or calling Robert J. Reger, Jr., Esq., Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, (212) 309-6000. 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.

## FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, FPL and the Trust are herein 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, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as “will,” “will likely result,” “are expected to,” “will continue,” “aim,” “is anticipated,” “believe,” “could,” “should,” “would,” “estimated,” “may,” “plan,” “potential,” “projection,” “target,” “outlook,” “predict,” and “intend” or words of similar meaning) 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 or implied 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, including unanticipated events, after the date on which that statement is made, unless otherwise required by law. 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.

## DESCRIPTION OF PREFERRED STOCK

**General.** The following statements describing FPL's preferred stock are not intended to be a complete description. For additional information, please see FPL's Restated Articles of Incorporation, as amended ("Charter"), and its bylaws, as currently in effect. You should read this summary together with the articles of amendment to the Charter which will describe the terms of any preferred stock to be offered hereby for a complete understanding of all the provisions. Each of these documents has previously been filed, or will be filed, with the SEC and each is an exhibit to the registration statement filed with the SEC of which this prospectus is a part. Reference is also made to the laws of the State of Florida.

The Charter currently authorizes three classes of preferred stock. No shares of preferred stock are presently outstanding. Unless the Charter is amended prior to the offering of the preferred stock offered hereunder to change the class or classes of preferred stock authorized to be issued, the preferred stock offered hereunder will be one or more series of FPL's Preferred Stock, \$100 par value per share ("Serial Preferred Stock") and/or one or more series of FPL's Preferred Stock, without par value ("No Par Preferred Stock"). Under the Charter, 10,414,100 shares of Serial Preferred Stock and 5,000,000 shares of No Par Preferred Stock are available for issuance. The Charter also authorizes the issuance of 5,000,000 shares of Subordinated Preferred Stock, without par value ("Subordinated Preferred Stock"). References in this "Description of Preferred Stock" section of this prospectus to preferred stock do not include the Subordinated Preferred Stock.

In the event that the Charter is amended to change its authorized preferred stock, a prospectus supplement will describe the authorized preferred 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 the 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.

In the event the trusts established by FPL issue preferred trust securities and FPL exercises a right to delay interest payments on junior subordinated debentures issued in connection with preferred trust securities, FPL will not be able to pay dividends on its common or preferred stock during the periods when such payments are delayed with certain limited exceptions.

Any shares of preferred stock offered hereunder by FPL will, when issued, be fully paid and non-assessable.

**Voting Rights.** FPL Group, as the owner of all of FPL's common stock, has sole voting power with respect to FPL, except as provided in the Charter 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. The

voting rights provided in the Charter relating to the Serial Preferred Stock and the No Par Preferred Stock will be described in the applicable prospectus supplement relating to any particular preferred stock being offered.

**Liquidation Rights.** In the event of any voluntary liquidation, dissolution or winding up of FPL, unless otherwise described in a particular prospectus supplement, the 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 Subordinated Preferred 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 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 Subordinated Preferred 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 Subordinated Preferred 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,

plus, in each case, all accumulated and unpaid dividends thereon, if any. Any changes to the liquidation rights of the Serial Preferred Stock and the No Par Preferred Stock will be described in the particular prospectus supplement relating to any preferred stock being offered.

#### DESCRIPTION OF WARRANTS

FPL may issue warrants to purchase preferred stock. A prospectus supplement will describe the terms of any such warrants being offered and any related warrant agreement between FPL and a warrant agent.

#### DESCRIPTION OF BONDS

**General.** FPL will issue 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 (formerly known as Bankers Trust Company), 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. The Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." The first mortgage bonds offered pursuant to this prospectus and any applicable prospectus supplement are referred to as the "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 under "—Issuance of Additional Bonds." The Bonds and all other first mortgage bonds issued under the Mortgage are collectively referred to in this prospectus as the "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 creating the Bonds for a complete understanding of all the provisions. The Mortgage and the form of supplemental indenture have previously been 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.

All Bonds of one series need not be issued at the same time, and a series may be re-opened for issuances of additional Bonds of such particular series. This means that FPL may from time to time, without notice to, or the consent of the existing holders of the previously-issued Bonds of a particular series, create and issue additional Bonds of such series. Such additional Bonds will have the same terms as the Bonds of such series in all respects (except for the payment of interest accruing prior to the issue date of the additional Bonds or except for the first payments of interest following the issue date of the additional Bonds) so that the additional Bonds may be consolidated and form a single series with the previously-issued Bonds of such series.

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 particular prospectus supplement relating to that specific series of 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.

**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 for such reason at the redemption prices applicable to those First Mortgage Bonds. If any Bonds are so 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 (as such term is defined in the Mortgage), and
- (3) the amount of cash that FPL deposits with the Trustee.

"Property Additions" generally include the following:

- (a) plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems,
- (b) nuclear fuel that has been expressly subjected to the lien of the Mortgage,
- (c) railroad cars, barges and other transportation equipment (other than trucks) for the transportation of fuel, and

- (d) 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 (a) through (d) immediately 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 pertinent 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 pertinent 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 June 30, 2009, FPL could have issued under the Mortgage in excess of \$7.2 billion of additional First Mortgage Bonds based on unfunded Property Additions and in excess of \$5.8 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 (as such term is defined in the Mortgage), 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 waiver 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 June 30, 2009, 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 66⅔% 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 66⅔% 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.

Notwithstanding the immediately preceding paragraph, 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 when due,
- (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 pertaining to FPL, and
- (6) the expiration of 90 days following notice by the Trustee or the holders of 15% of the First Mortgage Bonds relating to any failure by FPL to perform its other covenants under the Mortgage.

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 SENIOR DEBT SECURITIES AND SUBORDINATED DEBT SECURITIES**

FPL may issue its debt securities (other than (i) the Bonds and (ii) the FPL Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures")), in one or more series, under one or more Indentures, between FPL and The Bank of New York Mellon, as trustee. The terms of any offered debt securities will be described in a supplement to this prospectus.

#### **DESCRIPTION OF PREFERRED TRUST SECURITIES**

**General.** The Trust may issue preferred trust securities and common trust securities under the Trust Agreement.

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." The 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. Unless otherwise specified in a prospectus supplement, the Junior Subordinated Debentures (as defined below under "Description of Junior Subordinated Debentures") will be held by

the Trust. 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 previously been 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 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).

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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 (the “Preferred Trust Securities Guarantee”) of payments due on the Preferred Trust Securities to the extent of the Trust's legally available assets.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 its 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 Mellon, 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 issued in connection therewith. 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 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 Preferred Trust Securities Guarantee."

If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods, in which case, distributions on the Preferred Trust Securities would be deferred during any such period. Unless otherwise provided in the related prospectus supplement, distributions would, however, continue to accumulate. (Trust Agreement, Section 4.01). Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an "Event of Default" under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;
  - (e) 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
  - (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to

any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full.

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. No interest period may be deferred 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 laws, 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 related 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 related 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 related 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 related 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 related 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 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 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 related 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 related 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 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 previously been 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 Mellon 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.

The following obligations and rights, in combination, have the effect of providing a full and unconditional guarantee of payments due on the Preferred Trust Securities issued by the Trust:

- (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) the Preferred Trust Securities Guarantee.

No single one of the rights and obligations listed above standing alone or operating in conjunction with fewer than all of the other applicable rights and obligations constitutes a full and unconditional guarantee by FPL of the Preferred Trust Securities. It is only the combined operation of these rights and obligations 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 JUNIOR SUBORDINATED DEBENTURES

**General.** The junior subordinated debentures issued by FPL are referred to in this prospectus as the “Junior Subordinated Debentures.” 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 one or more indentures between FPL and The Bank of New York Mellon, as trustee. The indenture or indentures pursuant to which Junior Subordinated Debentures may be issued, as the same may be amended and supplemented from time to time, are referred to in this prospectus as the “Subordinated Indenture.” The Bank of New York Mellon, 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 or the Subordinated Indenture. You should read this summary together with the Subordinated Indenture and the officer’s certificates or other documents creating 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 create a series of Junior Subordinated Debentures and a form of the Junior Subordinated Debentures have previously been 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 the principal amount of each series will be limited 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. The term “Senior Indebtedness” will be defined in the related prospectus supplement. 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 series of Junior Subordinated Debentures without providing that security to all outstanding Junior Subordinated Debentures in accordance with 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 particular prospectus supplement relating to that specific series of 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 the principal will be paid,
- (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 interest will be paid and the record date for any interest payable on any interest payment date,

- (5) the person to whom interest will be paid 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 payments will be made 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, including any 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 those Junior Subordinated Debentures may be issued, if other than denominations of \$25 and any integral multiple of \$25,
- (11) the currency or currencies in which the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid (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 the principal of or premium, if any, or interest on those Junior Subordinated Debentures may be paid 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) events of default, if any, with respect to those Junior Subordinated Debentures and covenants, if any, 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,
- (19) any other provisions for the reinstatement of FPL's indebtedness in respect of those Junior Subordinated Debentures after their satisfaction and discharge,

- (20) if those Junior Subordinated Debentures will be issued in global form, necessary information relating to the issuance of those Junior Subordinated Debentures in global form,
- (21) if those Junior Subordinated Debentures will be issued as bearer securities, necessary information relating to the issuance of those Junior Subordinated Debentures as bearer securities,
- (22) 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,
- (23) 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,
- (24) any collateral security, assurance, or guarantee for those Junior Subordinated Debentures,
- (25) the designation of the trust to which the Junior Subordinated Debentures are to be issued,
- (26) the terms relating to any additional interest that may be payable as a result of any tax, assessment or governmental charges, and
- (27) 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).

**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 Mellon, 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 Mellon, 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 Defer Interest Payments.** If so specified in the related prospectus supplement, FPL will have the option to defer the payment of interest from time to time on the Junior Subordinated Debentures for one or more periods. As a consequence, distributions on the Preferred Trust Securities would be deferred during any optional deferral period. Interest would, however, continue to accrue on the Junior Subordinated Debentures. Unless otherwise provided in the related prospectus supplement, during any optional deferral period, or for so long as an “Event of Default” under the Subordinated Indenture resulting from a 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
  - (a) 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 payment of interest is deferred requiring it to purchase, redeem or acquire its capital stock;
  - (b) any payment, repayment, redemption, purchase, acquisition or declaration of dividend listed as restricted payments 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;
  - (c) 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;
  - (d) 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;

- (e) 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
- (f) payments under any preferred trust securities guarantee or guarantee of 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 with respect to any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or 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 subordinated debentures (as the case may be) is then entitled if paid in full. (Subordinated Indenture, Section 608).

Unless otherwise provided in the related prospectus supplement, (i) before an optional deferral period ends, FPL may further defer the payment of interest and (ii) after any optional deferral period and the payment of all amounts then due, FPL may select a new optional deferral period. Unless otherwise provided in the related prospectus supplement, no optional deferral period may exceed the period of time specified in that prospectus supplement. No interest period may be deferred beyond the maturity of the Junior Subordinated Debentures. FPL will give the Trust and the Subordinated Indenture Trustee notice of its election of an optional deferral 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 defer 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 if such taxes, duties, assessments or other governmental charges had not been imposed. (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 laws, 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:

- (a) any consolidation or merger after the consummation of which FPL would be the surviving or resulting entity;
- (b) 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;
- (c) 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
- (d) 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 failure to pay interest during a valid optional deferral period 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 (i) FPL receive written notice of such failure to comply from the Subordinated Indenture Trustee, or (ii) 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, or
- (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 (i) the Subordinated Indenture Trustee or (ii) 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 either (i) the Subordinated Indenture Trustee or (ii) 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 the relevant series,
  - (b) the principal of and any premium on any Subordinated Indenture Securities of the relevant series that have become due for reasons other than that declaration, and interest that is then due,
  - (c) interest on overdue interest for the relevant series, and
  - (d) all amounts then 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 the relevant 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).

A registered owner of a Subordinated Indenture Security has the right to institute a suit for the enforcement of payment of the principal of or 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). No registered owner of Subordinated Indenture Securities of any series will have any other right to institute any proceeding under the Subordinated Indenture, or exercise any other 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).

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, 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 particular series or tranche only
  - (a) when the required consent of the registered owners of Subordinated Indenture Securities of that particular series or tranche has been obtained, or
  - (b) when no Subordinated Indenture Securities of that particular 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 create 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 all, or any series or tranche of, the Subordinated Indenture Securities,
- (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 Defer Interest Payments”) 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 particular 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 particular 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 particular 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 (i) the holders of a majority in aggregate liquidation preference of all outstanding Preferred Trust Securities affected or (ii), 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 conflict of laws principles thereunder, 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 Mellon. The Bank of New York Mellon would act as (i) Preferred Trust Securities Guarantee Trustee under the Preferred Trust Securities Guarantee Agreement described under “Description of Preferred Trust Securities Guarantee” above, (ii) Property Trustee under the Trust Agreement and (iii) Subordinated Indenture Trustee, security registrar and paying agent under the Subordinated Indenture. BNY Mellon Trust of 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.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

**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 reallocated 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 reallocated 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 agent for FPL or the Trust, 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.

In compliance with guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum consideration or discount to be received by any FINRA member or independent broker may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

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 in this prospectus by reference from FPL's Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of FPL's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## LEGAL OPINIONS

Morgan, Lewis & Bockius LLP, New York, New York and Squire, Sanders & Dempsey L.L.P., West Palm Beach, Florida, co-counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II, will pass upon the legality of the Offered Securities for FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. 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 LLP, special Delaware counsel to FPL, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II. Morgan, Lewis & Bockius 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 on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities. Squire, Sanders & Dempsey L.L.P. may rely as to all matters of New York law upon the opinion of Morgan, Lewis & Bockius LLP, and on the opinion of Morris James LLP, as to matters involving the law of the State of Delaware in connection with the Preferred Trust Securities.

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**You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement or in any written communication from FPL or the Trust specifying the final terms of a particular offering of securities. 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.**

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**Florida Power & Light Company**  
**First Mortgage Bonds,**  
**\$400,000,000 5.25% Series due February 1, 2041**



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**PROSPECTUS SUPPLEMENT**

**December 6, 2010**

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**Credit Agricole CIB**

**Mizuho Securities USA Inc.**

**Scotia Capital**

**US Bancorp**

**Wells Fargo Securities**

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**BBVA Securities**

**BNY Mellon Capital Markets, LLC**

**Loop Capital Markets**

**UBS Investment Bank**

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# Exhibit 3(d)

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

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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 **March 31, 2010**

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	<b>FPL GROUP, INC.</b>	59-2449419
2-27612	<b>FLORIDA POWER &amp; LIGHT COMPANY</b> 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

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 ☒ No ☐

Florida Power & Light Company Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

FPL Group, Inc. Yes ☒ No ☐

Florida Power & Light Company Yes ☐ No ☐

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

FPL Group, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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 ☒

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: common stock, \$0.01 par value, outstanding as of March 31, 2010: 414,672,538 shares.

As of March 31, 2010, 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 in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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FPL Group, Inc., Florida Power & Light Company, FPL Group Capital Inc and NextEra Energy Resources, LLC each has subsidiaries and affiliates with names that may include FPL, NextEra Energy Resources, NextEra Energy, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms FPL Group, FPL, FPL Group Capital and NextEra Energy Resources 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, strategies, 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, aim, believe, could, should, would, estimated, may, plan, potential, projection, target, outlook, predict and intend or words of similar meaning) 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, important factors included in Part II, 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, Inc.'s (FPL Group) and/or Florida Power & Light Company's (FPL) operations and financial results, and could cause FPL Group's and/or FPL's actual results to differ materially from those contained or implied 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.

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, unless otherwise required by law. 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 or implied in any forward-looking statement.

**Website Access to U.S. Securities and Exchange Commission (SEC) Filings.** FPL Group and FPL make their SEC filings, including the 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](http://www.fplgroup.com), as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on FPL Group's website (or any of its subsidiaries' websites) is not incorporated by reference in this combined Form 10-Q. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information about FPL Group and FPL filed electronically with the SEC.

## 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,	
	2010	2009
OPERATING REVENUES	\$ 3,622	\$ 3,705
OPERATING EXPENSES		
Fuel, purchased power and interchange	1,349	1,811
Other operations and maintenance	659	618
Depreciation and amortization	414	409
Taxes other than income taxes and other	261	284
Total operating expenses	<u>2,683</u>	<u>3,122</u>
OPERATING INCOME	<u>939</u>	<u>583</u>
OTHER INCOME (DEDUCTIONS)		
Interest expense	(238)	(211)
Equity in earnings of equity method investees	7	7
Allowance for equity funds used during construction	7	15
Interest income	18	27
Gains on disposal of assets - net	39	7
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(1)	(53)
Other - net	(1)	8
Total other deductions - net	<u>(169)</u>	<u>(200)</u>
INCOME BEFORE INCOME TAXES	770	383
INCOME TAXES	<u>214</u>	<u>19</u>
NET INCOME	<u>\$ 556</u>	<u>\$ 364</u>
Earnings per share of common stock:		
Basic	\$ 1.36	\$ 0.90
Assuming dilution	\$ 1.36	\$ 0.90
Dividends per share of common stock	\$ 0.5000	\$ 0.4725
Weighted-average number of common shares outstanding:		
Basic	407.5	402.3
Assuming dilution	410.1	404.8

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements (Notes) herein and the Notes to Consolidated Financial Statements appearing in FPL Group's and FPL's Annual Report on Form 10-K for the year ended December 31, 2009 (2009 Form 10-K).

**FPL GROUP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	March 31, 2010	December 31, 2009
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric utility plant in service and other property	\$ 46,586	\$ 46,330
Nuclear fuel	1,406	1,414
Construction work in progress	3,275	2,425
Less accumulated depreciation and amortization	(14,413)	(14,091)
Total property, plant and equipment - net (\$1,176 related to VIEs at March 31, 2010)	<u>36,854</u>	<u>36,078</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,215	238
Customer receivables, net of allowances of \$14 and \$23, respectively	1,174	1,431
Other receivables, net of allowances of \$1 and \$1, respectively	772	816
Materials, supplies and fossil fuel inventory	852	877
Regulatory assets:		
Deferred clause and franchise expenses	86	69
Securitized storm-recovery costs	71	69
Derivatives	430	68
Other	3	3
Derivatives	611	357
Other	343	409
Total current assets	<u>5,557</u>	<u>4,337</u>
<b>OTHER ASSETS</b>		
Special use funds	3,509	3,390
Other investments	970	935
Prepaid benefit costs	1,204	1,184
Regulatory assets:		
Securitized storm-recovery costs (\$381 related to a VIE at March 31, 2010)	617	644
Deferred clause expenses	23	-
Other	336	265
Other	1,872	1,625
Total other assets	<u>8,531</u>	<u>8,043</u>
<b>TOTAL ASSETS</b>	<u>\$ 50,942</u>	<u>\$ 48,458</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 4	\$ 4
Additional paid-in capital	5,084	5,055
Retained earnings	8,091	7,739
Accumulated other comprehensive income	157	169
Total common shareholders' equity	<u>13,336</u>	<u>12,967</u>
Long-term debt (\$810 related to VIEs at March 31, 2010)	<u>16,601</u>	<u>16,300</u>
Total capitalization	<u>29,937</u>	<u>29,267</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	2,517	2,020
Notes payable	418	-
Current maturities of long-term debt	977	569
Accounts payable	937	992
Customer deposits	628	613
Accrued interest and taxes	461	466
Regulatory liabilities:		
Deferred clause and franchise revenues	24	377
Pension	2	2
Derivatives	772	221
Other	1,046	1,189
Total current liabilities	<u>7,782</u>	<u>6,449</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	2,413	2,418
Accumulated deferred income taxes	5,083	4,860
Regulatory liabilities:		
Accrued asset removal costs	2,249	2,251
Asset retirement obligation regulatory expense difference	714	671
Pension	15	16
Other	278	244
Derivatives	369	170
Other (\$697 related to a VIE at March 31, 2010)	<u>2,102</u>	<u>2,112</u>
Total other liabilities and deferred credits	<u>13,223</u>	<u>12,742</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 50,942</u>	<u>\$ 48,458</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for FPL Group and FPL.

**FPL GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

	Three Months Ended March 31,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 556	\$ 364
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	414	409
Nuclear fuel amortization	72	60
Unrealized gains on marked to market energy contracts	(324)	(75)
Deferred income taxes	270	(18)
Cost recovery clauses and franchise fees	(392)	266
Change in prepaid option premiums and derivative settlements	164	47
Equity in earnings of equity method investees	(7)	(7)
Changes in operating assets and liabilities:		
Customer receivables	257	162
Other receivables	(6)	31
Materials, supplies and fossil fuel inventory	26	97
Other current assets	(12)	(8)
Other assets	(30)	(30)
Accounts payable	(22)	(130)
Customer deposits	15	13
Margin cash collateral	16	(185)
Income taxes	(75)	45
Interest and other taxes	16	72
Other current liabilities	(40)	(100)
Other liabilities	9	(3)
Other - net	(11)	33
Net cash provided by operating activities	<u>896</u>	<u>1,043</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures of FPL	(794)	(575)
Independent power investments	(567)	(422)
Cash grants under the American Recovery and Reinvestment Act of 2009	99	-
Nuclear fuel purchases	(37)	(70)
Other capital expenditures	(15)	(9)
Sale of independent power investments	-	5
Proceeds from sale of securities in special use funds	1,900	875
Purchases of securities in special use funds	(1,937)	(892)
Proceeds from sale of other securities	244	17
Purchases of other securities	(253)	(26)
Other - net	(1)	1
Net cash used in investing activities	<u>(1,361)</u>	<u>(1,096)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	800	1,508
Retirements of long-term debt	(102)	(359)
Net change in short-term debt	916	(1,220)
Issuances of common stock	12	49
Dividends on common stock	(204)	(191)
Other - net	20	7
Net cash provided by (used in) financing activities	<u>1,442</u>	<u>(206)</u>
Net increase (decrease) in cash and cash equivalents	977	(259)
Cash and cash equivalents at beginning of period	238	535
Cash and cash equivalents at end of period	<u>\$ 1,215</u>	<u>\$ 276</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 571	\$ 610

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for FPL Group and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(millions)  
(unaudited)

	Three Months Ended March 31,	
	2010	2009
OPERATING REVENUES	<u>\$ 2,328</u>	<u>\$ 2,573</u>
OPERATING EXPENSES		
Fuel, purchased power and interchange	1,107	1,469
Other operations and maintenance	373	340
Depreciation and amortization	229	251
Taxes other than income taxes and other	226	251
Total operating expenses	<u>1,935</u>	<u>2,311</u>
OPERATING INCOME	<u>393</u>	<u>262</u>
OTHER INCOME (DEDUCTIONS)		
Interest expense	(87)	(77)
Allowance for equity funds used during construction	7	15
Other - net	(1)	(2)
Total other deductions - net	<u>(81)</u>	<u>(64)</u>
INCOME BEFORE INCOME TAXES	312	198
INCOME TAXES	<u>121</u>	<u>71</u>
NET INCOME	<u>\$ 191</u>	<u>\$ 127</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for FPL Group and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	March 31, 2010	December 31, 2009
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 28,819	\$ 28,677
Nuclear fuel	719	756
Construction work in progress	1,958	1,549
Less accumulated depreciation and amortization	(10,692)	(10,578)
Electric utility plant - net	<u>20,804</u>	<u>20,404</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	590	83
Customer receivables, net of allowances of \$12 and \$21, respectively	646	838
Other receivables, net of allowances of \$1 and \$1, respectively	149	182
Materials, supplies and fossil fuel inventory	517	529
Regulatory assets:		
Deferred clause and franchise expenses	86	69
Securitized storm-recovery costs	71	69
Derivatives	430	68
Other	135	123
Total current assets	<u>2,624</u>	<u>1,961</u>
<b>OTHER ASSETS</b>		
Special use funds	2,485	2,408
Prepaid benefit costs	1,031	1,017
Regulatory assets:		
Securitized storm-recovery costs (\$381 related to a VIE at March 31, 2010)	617	644
Deferred clause expenses	23	-
Other	285	214
Other	184	164
Total other assets	<u>4,625</u>	<u>4,447</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,053</u>	<u>\$ 26,812</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 1,373	\$ 1,373
Additional paid-in capital	4,393	4,393
Retained earnings	2,861	2,670
Total common shareholder's equity	8,627	8,436
Long-term debt (\$507 related to a VIE at March 31, 2010)	6,275	5,794
Total capitalization	<u>14,902</u>	<u>14,230</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	994	818
Notes payable	250	-
Current maturities of long-term debt	43	42
Accounts payable	544	539
Customer deposits	621	607
Accrued interest and taxes	298	303
Regulatory liabilities - deferred clause and franchise revenues	24	377
Derivatives	441	77
Other	495	659
Total current liabilities	<u>3,710</u>	<u>3,422</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,856	1,833
Accumulated deferred income taxes	3,633	3,509
Regulatory liabilities:		
Accrued asset removal costs	2,249	2,251
Asset retirement obligation regulatory expense difference	714	671
Other	278	244
Other	711	652
Total other liabilities and deferred credits	<u>9,441</u>	<u>9,160</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 28,053</u>	<u>\$ 26,812</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 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,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 191	\$ 127
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	229	251
Nuclear fuel amortization	36	32
Deferred income taxes	123	183
Cost recovery clauses and franchise fees	(392)	266
Change in prepaid option premiums and derivative settlements	-	(1)
Changes in operating assets and liabilities:		
Customer receivables	192	93
Other receivables	18	55
Materials, supplies and fossil fuel inventory	12	29
Other current assets	(14)	(16)
Other assets	(27)	(16)
Accounts payable	2	(70)
Customer deposits	14	14
Margin cash collateral	(5)	-
Income taxes	(68)	(320)
Interest and other taxes	53	65
Other current liabilities	(25)	(61)
Other liabilities	21	6
Other - net	29	(7)
Net cash provided by operating activities	<u>389</u>	<u>630</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(794)	(575)
Cash grants under the American Recovery and Reinvestment Act of 2009	44	-
Nuclear fuel purchases	(7)	(43)
Proceeds from sale of securities in special use funds	1,608	516
Purchases of securities in special use funds	(1,639)	(524)
Other - net	1	-
Net cash used in investing activities	<u>(787)</u>	<u>(626)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	499	493
Retirements of long-term debt	(22)	(20)
Net change in short-term debt	426	(312)
Dividends	-	(200)
Other - net	2	11
Net cash provided by (used in) financing activities	<u>905</u>	<u>(28)</u>
Net increase (decrease) in cash and cash equivalents	507	(24)
Cash and cash equivalents at beginning of period	83	120
Cash and cash equivalents at end of period	<u>\$ 590</u>	<u>\$ 96</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 285	\$ 303

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 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 2009 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

FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries and has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees (collectively, pension benefits). 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 components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits		Other Benefits	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2010	2009	2010	2009
	(millions)			
Service cost	\$ 15	\$ 13	\$ 1	\$ 2
Interest cost	26	27	6	6
Expected return on plan assets	(60)	(60)	(1)	(1)
Amortization of transition obligation	-	-	1	1
Amortization of prior service benefit	(1)	(1)	-	-
Amortization of gains	-	(5)	-	-
Net periodic benefit (income) cost at FPL Group	\$ (20)	\$ (26)	\$ 7	\$ 8
Net periodic benefit (income) cost at FPL	\$ (14)	\$ (18)	\$ 6	\$ 6

## 2. Derivative Instruments

FPL Group and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with long-term debt, and to optimize the value of NextEra Energy Resources, LLC's (NextEra Energy Resources) power generation assets.

With respect to commodities related to FPL Group's competitive energy business, NextEra Energy Resources employs rigorous risk management procedures in order to optimize the value of its power generation assets, provide full energy and capacity requirements services primarily to distribution utilities, and engage in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter markets, depending on the most favorable credit terms and market execution factors. For NextEra Energy Resources' power generation assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge the expected energy output of these assets for the portion of the output that is not covered by long-term power purchase agreements (PPA). These hedges protect NextEra Energy Resources against adverse changes in the wholesale forward commodity markets associated with its generation assets. With regard to full energy and capacity requirements services, NextEra Energy Resources is required to vary the quantity of energy and related services based on the load demands of the customer served by the distribution utility. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and protect against unfavorable changes in the forward energy markets. Additionally, NextEra Energy Resources takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions. NextEra Energy Resources uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

**FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

Derivative instruments, when required to be marked to market, 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 the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, 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 NextEra Energy Resources, unless hedge accounting is applied, 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 condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate.

While most of NextEra Energy Resources' derivatives are entered into for the purpose of managing commodity price risk, and to reduce the impact of volatility in interest rates stemming from changes in variable interest rates on outstanding debt, 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 been deemed not to have occurred for financial reporting purposes. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. Generally, FPL Group assesses a hedging instrument's effectiveness by using regression analysis for commodity contracts, and nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item for interest rate swaps and foreign currency derivative instruments. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. 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 (OCI) and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. See Note 6. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period.

In January 2010, FPL Group discontinued hedge accounting for its cash flow hedges related to commodity derivative instruments. FPL Group continues to apply hedge accounting to certain interest rate and foreign currency hedges. At March 31, 2010, FPL Group's accumulated other comprehensive income (AOCI) included amounts related to the discontinued commodity cash flow hedges which have expiration dates through December 2012. Additionally, at March 31, 2010, FPL Group had interest rate cash flow hedges with expiration dates through May 2024 and a foreign currency cash flow hedge that expires in December 2011.

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, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(millions)			
Current derivative assets <sup>(a)</sup>	\$ 611	\$ 357	\$ 11 <sup>(b)</sup>	\$ 10 <sup>(b)</sup>
Noncurrent other assets <sup>(c)</sup>	563	329	4	4
Current derivative liabilities <sup>(d)</sup>	(772)	(221)	(441)	(77)
Noncurrent derivative liabilities <sup>(e)</sup>	(369)	(170)	(47) <sup>(f)</sup>	(1) <sup>(f)</sup>
Total mark-to-market derivative instrument assets (liabilities)	<u>\$ 33</u>	<u>\$ 295</u>	<u>\$ (473)</u>	<u>\$ (64)</u>

(a) At March 31, 2010 and December 31, 2009, FPL Group's balances reflect the netting of \$55 million and \$4 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(b) Included in current other assets on FPL's condensed consolidated balance sheets.

(c) At March 31, 2010 and December 31, 2009, FPL Group's balances reflect the netting of \$2 million and \$1 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(d) At March 31, 2010 and December 31, 2009, FPL Group's balances reflect the netting of \$79 million and \$75 million (none at FPL), respectively, in margin cash collateral provided to counterparties.

(e) At March 31, 2010, FPL Group's balance reflects the netting of \$70 million (none at FPL), in margin cash collateral provided to counterparties.

(f) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

At March 31, 2010 and December 31, 2009, FPL Group had approximately \$26 million and \$18 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets. These amounts are included in other current liabilities in the condensed consolidated balance sheets. Additionally, at March 31, 2010 and December 31, 2009, FPL Group had approximately \$54 million and \$95 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative liabilities. These amounts are included in other current assets in the condensed consolidated balance sheets.

**FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

As discussed above, FPL Group uses derivative instruments to, among other things, manage its commodity price risk, interest rate risk and foreign currency exchange rate risk. The table above presents FPL Group's and FPL's net derivative positions at March 31, 2010 and December 31, 2009, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral. However, disclosure rules require that the following tables be presented on a gross basis.

The fair values of FPL Group's derivatives designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	March 31, 2010		December 31, 2009	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)			
Commodity contracts:				
Current derivative assets	\$ -	\$ -	\$ 54	\$ 1
Current derivative liabilities	-	-	45	4
Noncurrent other assets	-	-	44	2
Noncurrent derivative liabilities	-	-	8	13
Interest rate swaps:				
Current derivative liabilities	-	51	-	51
Noncurrent other assets	48	-	61	-
Noncurrent derivative liabilities	-	31	-	27
Foreign currency swap:				
Noncurrent other assets	2	-	5	-
Total	<u>\$ 50</u>	<u>\$ 82</u>	<u>\$ 217</u>	<u>\$ 98</u>

Gains (losses) related to FPL Group's cash flow hedges are recorded on FPL Group's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended March 31, 2010				Three Months Ended March 31, 2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total (millions)	Commodity Contracts	Interest Rate Swaps	Total	
Gains (losses) recognized in OCI	\$ 20	\$ (34)	\$ (4)	\$ (18)	\$ 152	\$ (5)	\$ 147	
Gains (losses) reclassified from AOCI	\$ 36 <sup>(a)</sup>	\$ (17) <sup>(b)</sup>	\$ (2) <sup>(c)</sup>	\$ 17	\$ 24 <sup>(a)</sup>	\$ (9) <sup>(b)</sup>	\$ 15	
Gains (losses) recognized in income <sup>(d)</sup>	\$ 1 <sup>(a)</sup>	\$ -	\$ -	\$ 1	\$ 11 <sup>(a)</sup>	\$ -	\$ 11	

(a) Included in operating revenues.

(b) Included in interest expense.

(c) \$1 million loss is included in interest expense, and the balance is included in other - net.

(d) Represents the ineffective portion of the hedging instrument.

For the three months ended March 31, 2010 and 2009, respectively, FPL Group recorded a gain (loss) of less than \$(1) million and \$1 million, respectively, on a fair value hedge which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding reduction of, and increase in, the related debt.

The fair values of FPL Group's and FPL's derivatives not designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

**FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

	March 31, 2010				December 31, 2009			
	FPL Group		FPL		FPL Group		FPL	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)							
Commodity contracts:								
Current derivative assets	\$ 1,052	\$ 386	\$ 11 <sup>(a)</sup>	\$ -	\$ 611	\$ 303	\$ 11 <sup>(a)</sup>	\$ 1 <sup>(a)</sup>
Current derivative liabilities	2,297	3,097	12	453	1,002	1,288	18	95
Noncurrent other assets	641	126	4	-	921	699	4	-
Noncurrent derivative liabilities	1,448	1,849	-	47 <sup>(b)</sup>	128	260	-	1 <sup>(b)</sup>
Foreign currency swap:								
Noncurrent derivative liabilities	-	7	-	-	-	6	-	-
Total	<u>\$ 5,438</u>	<u>\$ 5,465</u>	<u>\$ 27</u>	<u>\$ 500</u>	<u>\$ 2,662</u>	<u>\$ 2,556</u>	<u>\$ 33</u>	<u>\$ 97</u>

(a) Included in current other assets on FPL's condensed consolidated balance sheets.

(b) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

Gains (losses) related to FPL Group's derivatives not designated as hedging instruments are recorded on FPL Group's condensed consolidated statements of income (none at FPL) as follows:

	Three Months Ended March 31,	
	2010	2009
	(millions)	
Commodity contracts:		
Operating revenues	\$ 269 <sup>(a)</sup>	\$ 112 <sup>(a)</sup>
Fuel, purchased power and interchange	68	27
Foreign currency swap:		
Other - net	(2)	(12)
Total	<u>\$ 335</u>	<u>\$ 127</u>

(a) In addition, for the three months ended March 31, 2010 and 2009, FPL recorded approximately \$454 million and \$525 million, respectively, of losses related to commodity contracts as regulatory assets on its condensed consolidated balance sheets.

The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in FPL Group's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. The table does not present a complete picture of FPL Group's and FPL's overall net economic exposure because FPL Group and FPL do not use derivative instruments to hedge all of their commodity exposures. At March 31, 2010, FPL Group and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	FPL Group	FPL
	(millions)	
Power	(39) mwh <sup>(a)</sup>	-
Natural gas	766 mmbtu <sup>(b)</sup>	860 mmbtu <sup>(b)</sup>
Oil	1 barrels	2 barrels

(a) Megawatt-hours

(b) One million British thermal units

At March 31, 2010, FPL Group had fifteen interest rate swaps with a notional amount totaling approximately \$2.3 billion and two foreign currency swaps with a notional amount totaling approximately \$290 million.

Certain of FPL Group's and FPL's derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At March 31, 2010, the aggregate fair value of FPL Group's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$2.4 billion (\$0.5 billion for FPL).

**FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

If the credit-risk-related contingent features underlying these agreements and other wholesale commodity contracts were triggered, FPL Group or FPL could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL Group Capital Inc's (FPL Group Capital) or FPL's credit ratings were downgraded to BBB (a two level downgrade for FPL and a one level downgrade for FPL Group Capital from the current lowest applicable rating), FPL Group would be required to post collateral such that the total posted collateral would be approximately \$625 million (\$265 million at FPL). If FPL Group Capital's and FPL's credit ratings were downgraded to below investment grade, FPL Group would be required to post additional collateral such that the total posted collateral would be approximately \$2.2 billion (\$0.9 billion at FPL). Some contracts at FPL Group, including some FPL contracts, do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, FPL Group could be required to post additional collateral of up to approximately \$500 million (\$100 million at FPL).

Collateral may be posted in the form of cash or credit support. At March 31, 2010, FPL Group had posted approximately \$330 million (\$45 million at FPL) in the form of letters of credit in the normal course of business which could be applied toward the collateral requirements described above. FPL and FPL Group Capital have bank revolving lines of credit in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the bank revolving lines of credit, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, FPL Group and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

### **3. Fair Value Measurements**

FPL Group and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. FPL Group's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

*Cash Equivalents* - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. FPL Group and FPL primarily hold investments in money market funds. The fair value of these funds is calculated using current market prices.

*Special Use Funds and Other Investments* - FPL Group and FPL hold primarily debt and equity securities directly as well as equity securities indirectly through commingled funds. Substantially all equity securities are valued by the custodian at their quoted market prices. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market. For debt securities, the custodian obtains multiple prices and price types from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified by the custodian based on asset type, class or issue of each security.

*Derivative Instruments* - FPL Group and FPL measure the fair value of commodity contracts on a daily basis using prices observed on commodities exchanges and in the over-the-counter markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

Exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using significant other observable inputs.

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FPL Group and FPL also enter into over-the-counter commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts. In instances where the reference exchange markets are deemed to be inactive or do not have a similar contract that trades on an exchange, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points.

FPL Group, through NextEra Energy Resources, also enters into load serving contracts, which, in many cases, qualify as derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at FPL Group have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where FPL Group and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes, but is not limited to, assumptions about market liquidity, volatility and contract duration.

FPL Group uses interest rate and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain debt issuances. FPL Group estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the swap agreements. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

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FPL Group's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	March 31, 2010				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
	(millions)				
<b>Assets:</b>					
Cash equivalents:					
FPL Group - equity securities	\$ -	\$ 650	\$ -	\$ -	\$ 650
FPL - equity securities	\$ -	\$ 321	\$ -	\$ -	\$ 321
Special use funds:					
FPL Group:					
Equity securities	\$ 695	\$ 1,081 <sup>(b)</sup>	\$ -	\$ -	\$ 1,776
U.S. Government and municipal bonds	\$ 518	\$ 132	\$ -	\$ -	\$ 650
Corporate debt securities	\$ -	\$ 422	\$ -	\$ -	\$ 422
Mortgage-backed securities	\$ -	\$ 557	\$ -	\$ -	\$ 557
Other debt securities	\$ -	\$ 45	\$ -	\$ -	\$ 45
FPL:					
Equity securities	\$ 135	\$ 925 <sup>(b)</sup>	\$ -	\$ -	\$ 1,060
U.S. Government and municipal bonds	\$ 461	\$ 114	\$ -	\$ -	\$ 575
Corporate debt securities	\$ -	\$ 323	\$ -	\$ -	\$ 323
Mortgage-backed securities	\$ -	\$ 443	\$ -	\$ -	\$ 443
Other debt securities	\$ -	\$ 28	\$ -	\$ -	\$ 28
Other investments:					
FPL Group:					
Equity securities	\$ 3	\$ 3	\$ -	\$ -	\$ 6
U.S. Government and municipal bonds	\$ 17	\$ -	\$ -	\$ -	\$ 17
Corporate debt securities	\$ -	\$ 44	\$ -	\$ -	\$ 44
Mortgage-backed securities	\$ -	\$ 57	\$ -	\$ -	\$ 57
Other	\$ 5	\$ 16	\$ -	\$ -	\$ 21
Derivatives:					
FPL Group:					
Commodity contracts	\$ 2,372	\$ 1,836	\$ 1,230	\$ (4,314)	\$ 1,124 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 48	\$ -	\$ -	\$ 48 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 2	\$ -	\$ -	\$ 2 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 15	\$ 13	\$ (13)	\$ 15 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
FPL Group:					
Commodity contracts	\$ 2,455	\$ 2,323	\$ 681	\$ (4,407)	\$ 1,052 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 82	\$ -	\$ -	\$ 82 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 7	\$ -	\$ -	\$ 7 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 498	\$ 3	\$ (13)	\$ 488 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At FPL Group, approximately \$978 million (\$886 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by FPL Group or FPL.

(c) See Note 2 for a reconciliation of net derivatives to FPL Group's and FPL's condensed consolidated balance sheets.

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December 31, 2009

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
			(millions)		
<b>Assets:</b>					
Cash equivalents:					
FPL Group - equity securities	\$ -	\$ 79	\$ -	\$ -	\$ 79
FPL - equity securities	\$ -	\$ 43	\$ -	\$ -	\$ 43
Special use funds:					
FPL Group:					
Equity securities	\$ 657	\$ 1,048 <sup>(b)</sup>	\$ -	\$ -	\$ 1,705
U.S. Government and municipal bonds	\$ 275	\$ 299	\$ -	\$ -	\$ 574
Corporate debt securities	\$ -	\$ 452	\$ -	\$ -	\$ 452
Mortgage-backed securities	\$ -	\$ 618	\$ -	\$ -	\$ 618
Other debt securities	\$ -	\$ 41	\$ -	\$ -	\$ 41
FPL:					
Equity securities	\$ 104	\$ 920 <sup>(b)</sup>	\$ -	\$ -	\$ 1,024
U.S. Government and municipal bonds	\$ 230	\$ 278	\$ -	\$ -	\$ 508
Corporate debt securities	\$ -	\$ 346	\$ -	\$ -	\$ 346
Mortgage-backed securities	\$ -	\$ 503	\$ -	\$ -	\$ 503
Other debt securities	\$ -	\$ 27	\$ -	\$ -	\$ 27
Other investments:					
FPL Group:					
Equity securities	\$ 3	\$ 4	\$ -	\$ -	\$ 7
U.S. Government and municipal bonds	\$ -	\$ 38	\$ -	\$ -	\$ 38
Corporate debt securities	\$ -	\$ 35	\$ -	\$ -	\$ 35
Mortgage-backed securities	\$ -	\$ 31	\$ -	\$ -	\$ 31
Other	\$ 4	\$ -	\$ -	\$ -	\$ 4
Derivatives:					
FPL Group	\$ 988	\$ 1,089	\$ 801	\$ (2,192)	\$ 686 <sup>(c)</sup>
FPL	\$ -	\$ 20	\$ 13	\$ (19)	\$ 14 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
FPL Group	\$ 1,110	\$ 1,106	\$ 437	\$ (2,262)	\$ 391 <sup>(c)</sup>
FPL	\$ -	\$ 95	\$ 2	\$ (19)	\$ 78 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At FPL Group, approximately \$918 million (\$836 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by FPL Group or FPL.

(c) See Note 2 for a reconciliation of net derivatives to FPL Group's and FPL's condensed consolidated balance sheets.

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The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Three Months Ended March 31,			
	2010		2009	
	FPL Group	FPL	FPL Group	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$ 364	\$ 11	\$ 404	\$ (1)
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	460	-	338	-
Included in regulatory assets and liabilities	(1)	(1)	5	5
Settlements and net option premiums	(268)	-	(130)	2
Net transfers in/out <sup>(b)</sup>	(6)	-	(78)	(1)
Fair value of net derivatives based on significant unobservable inputs at March 31	<u>\$ 549</u>	<u>\$ 10</u>	<u>\$ 539</u>	<u>\$ 5</u>
The amount of gains for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ 1</u>

(a) For the three months ended March 31, 2010 and 2009, \$452 million and \$338 million, respectively, of realized and unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended March 31, 2010, \$8 million of realized and unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

(b) For the three months ended March 31, 2010, gross transfers of \$1 million into Level 3 were a result of decreased observability of market data, and gross transfers of \$7 million from Level 3 to Level 2 were a result of increased observability of market data. FPL Group's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(c) For the three months ended March 31, 2010 and 2009, \$421 million and \$247 million, respectively, of unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended March 31, 2010, \$10 million of unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

#### 4. Financial Instruments

FPL Group and FPL adopted new accounting and disclosure provisions related to other than temporary impairments and the fair value of financial instruments beginning April 1, 2009. Under the new accounting provisions, an investment in a debt security is required to be assessed for an other than temporary impairment based on whether the entity has an intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized cost basis. Additionally, if the entity does not expect to recover the amortized cost of a debt security, an impairment is recognized in earnings equal to the estimated credit loss. For debt securities held as of April 1, 2009 for which an other than temporary impairment had been previously recognized but for which assessment under the new accounting provisions indicated the impairment was temporary, FPL Group recorded an adjustment to increase April 1, 2009 retained earnings by approximately \$5 million with a corresponding reduction in AOCI.

The carrying amounts of cash equivalents, notes payable and commercial paper approximate their fair values. At March 31, 2010 and December 31, 2009, other investments of FPL Group, not included in the table below, included financial instruments of approximately \$38 million and \$39 million, respectively, which primarily consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value.

The following estimates of the fair value of financial instruments have been made primarily using available market information. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

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	March 31, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
FPL Group:				
Special use funds	\$ 3,509 <sup>(a)</sup>	\$ 3,509 <sup>(b)</sup>	\$ 3,390 <sup>(a)</sup>	\$ 3,390 <sup>(b)</sup>
Other investments:				
Notes receivable	\$ 530	\$ 573 <sup>(c)</sup>	\$ 534	\$ 556 <sup>(c)</sup>
Debt securities	\$ 134 <sup>(d)</sup>	\$ 134 <sup>(b)</sup>	\$ 104 <sup>(d)</sup>	\$ 104 <sup>(b)</sup>
Equity securities	\$ 45	\$ 105 <sup>(e)</sup>	\$ 45	\$ 105 <sup>(e)</sup>
Long-term debt, including current maturities	\$ 17,578	\$ 17,984 <sup>(f)</sup>	\$ 16,869	\$ 17,256 <sup>(f)</sup>
Interest rate swaps - net unrealized losses	\$ (34)	\$ (34) <sup>(g)</sup>	\$ (17)	\$ (17) <sup>(g)</sup>
Foreign currency swaps - net unrealized losses	\$ (5)	\$ (5) <sup>(g)</sup>	\$ (1)	\$ (1) <sup>(g)</sup>
FPL:				
Special use funds	\$ 2,485 <sup>(a)</sup>	\$ 2,485 <sup>(b)</sup>	\$ 2,408 <sup>(a)</sup>	\$ 2,408 <sup>(b)</sup>
Long-term debt, including current maturities	\$ 6,318	\$ 6,438 <sup>(f)</sup>	\$ 5,836	\$ 6,055 <sup>(f)</sup>

(a) At March 31, 2010, includes cash of \$50 million and loans of \$9 million (\$50 million and \$6 million, respectively, at FPL) not measured at fair value on a recurring basis. For remaining balance, see Note 3 for classification by major security type. The amortized cost of debt and equity securities is \$1,664 million and \$1,390 million, respectively, at March 31, 2010 and \$1,638 million and \$1,396 million, respectively, at December 31, 2009 (\$1,369 million and \$850 million, respectively, at March 31, 2010 and \$1,344 million and \$873 million, respectively, at December 31, 2009 for FPL).

(b) Based on quoted market prices for these or similar issues.

(c) Classified as held to maturity. Based on market prices provided by external sources. Additionally, notes receivable bear interest at variable rates based on an underlying index plus a margin and mature from 2014 to 2029.

(d) Classified as trading securities.

(e) Modeled internally.

(f) Based on market prices provided by external sources.

(g) Modeled internally based on market values.

**Special Use Funds** - The special use funds consist of FPL's storm fund assets of \$123 million and FPL Group's and FPL's nuclear decommissioning fund assets of \$3,386 million and \$2,362 million, respectively, at March 31, 2010. Securities held in the special use funds consist of equity and debt securities which are classified as available for sale and are carried at estimated fair value (see Note 3). For FPL's special use funds, consistent with regulatory treatment, market adjustments, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For FPL Group's non-rate regulated operations, market adjustments result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as a loss in FPL Group's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at March 31, 2010 of approximately six years at both FPL Group and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at March 31, 2010 of approximately three years. The cost of securities sold is determined using the specific identification method.

The approximate realized gains and losses and proceeds from the sale of available for sale securities are as follows:

	Three Months Ended March 31, 2010	
	FPL Group	FPL
	(millions)	
Realized gains	\$ 44	\$ 24
Realized losses	\$ 10	\$ 8
Proceeds from sale of securities	\$ 1,900	\$ 1,608

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The total unrealized gains and losses on all available for sale securities and the fair value of available for sale securities in an unrealized loss position are as follows:

	March 31, 2010					
	FPL Group <sup>(a)</sup>			FPL <sup>(a)</sup>		
	Unrealized Gains	Unrealized Losses	Fair Value	Unrealized Gains	Unrealized Losses	Fair Value
	(millions)					
Equity securities	\$ 463	\$ -	\$ -	\$ 288	\$ -	\$ -
U.S. Government and municipal bonds	\$ 10	\$ 2	\$ 309	\$ 9	\$ 2	\$ 274
Corporate debt securities	\$ 19	\$ 1	\$ 67	\$ 14	\$ -	\$ 53
Mortgage-backed securities	\$ 21	\$ 1	\$ 171	\$ 17	\$ 1	\$ 142
Other debt securities	\$ 2	\$ -	\$ 14	\$ 1	\$ -	\$ 7

(a) At March 31, 2010, FPL Group had 23 securities in an unrealized loss position for greater than twelve months, including 7 securities for FPL. The total unrealized loss on these securities was less than \$1 million and the fair value was approximately \$15 million for FPL Group, including less than \$1 million of unrealized losses with a fair value of approximately \$11 million for FPL. Consistent with regulatory treatment for FPL, marketable securities held in special use 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.

Regulations issued by the Federal Energy Regulatory Commission (FERC) and the U.S. Nuclear Regulatory Commission (NRC) provide general risk management guidelines to protect nuclear decommissioning 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 mutual funds. Similar restrictions applicable to the decommissioning funds for NextEra Energy Resources' nuclear plants are contained in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for NextEra Energy Resources' Seabrook Station (Seabrook) nuclear plant, decommissioning fund contributions and withdrawals are also regulated by the Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of FPL Group and FPL and rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

*Interest Rate and Foreign Currency 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 mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. In addition, FPL Group Capital entered into a cross currency basis swap to hedge against currency movements with respect to both interest and principal payments on a loan and a cross currency swap to hedge against currency and interest rate movements with respect to both interest and principal payments on a loan.

## 5. Income Taxes

FPL Group's effective income tax rate for the three months ended March 31, 2010 and 2009 was approximately 27.8% and 4.9%, respectively. The reduction from the federal statutory rate mainly reflects the benefit of wind production tax credits (PTCs) of approximately \$75 million and \$72 million, respectively, related to NextEra Energy Resources' wind projects. PTCs can significantly affect FPL Group's effective income tax rate depending on the amount of pretax income and wind generation.

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 uses 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.

FPL Group's effective income tax rate for the three months ended March 31, 2010 also reflects a \$14 million deferred tax benefit associated with grants (convertible investment tax credits (ITCs)) under the American Recovery and Reinvestment Act of 2009 (Recovery Act) for certain wind projects expected to be placed in service in 2010.

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FPL Group's effective income tax rate for the three months ended March 31, 2009 reflected the following:

- an approximately \$18 million benefit (foreign tax benefit) reflecting the reduction of previously deferred income taxes resulting from an additional equity investment in Canadian operations;
- a \$17 million benefit (state tax benefit) related to a change in state tax law that extended the carry forward period of ITCs on certain wind projects; and
- a \$15 million deferred tax benefit associated with convertible ITCs.

## 6. Comprehensive Income

FPL Group's comprehensive income is as follows:

	Three Months Ended March 31,	
	2010	2009
	(millions)	
Net income of FPL Group	\$ 556	\$ 364
Net unrealized gains (losses) on commodity cash flow hedges:		
Effective portion of net unrealized gains (net of \$8 and \$61 tax expense, respectively)	12	90
Reclassification from AOCI to net income (net of \$14 and \$8 tax benefit, respectively)	(21)	(13)
Net unrealized gains (losses) on interest rate cash flow hedges:		
Effective portion of net unrealized losses (net of \$13 and \$2 tax benefit, respectively)	(21)	(3)
Reclassification from AOCI to net income (net of \$6 and \$3 tax expense, respectively)	10	6
Net unrealized gains (losses) on foreign currency cash flow hedge:		
Effective portion of net unrealized losses (net of \$1 tax benefit)	(3)	-
Reclassification from AOCI to net income (net of \$1 tax expense)	2	-
Net unrealized gains (losses) on available for sale securities:		
Net unrealized gains on securities still held (net of \$16 and \$1 tax expense, respectively)	19	1
Reclassification from AOCI to net income (net of \$7 and \$2 tax benefit, respectively)	(9)	(3)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	(1)
Net unrealized losses on foreign currency translation (net of \$1 and \$1 tax benefit, respectively)	(1)	(3)
Comprehensive income of FPL Group	<u>\$ 544</u>	<u>\$ 438</u>

Approximately \$28 million of gains included in FPL Group's AOCI at March 31, 2010, related to derivative instruments, are expected to be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or principal and/or interest payments are made. Such amount assumes no change in fuel prices, power prices, interest rates or scheduled principal payments. AOCI is separately displayed on the condensed consolidated balance sheets of FPL Group. FPL's comprehensive income is the same as its reported net income.

## 7. Variable Interest Entities

Effective January 1, 2010, FPL Group and FPL adopted new accounting guidance which modified the consolidation model in previous guidance and expanded the disclosures related to variable interest entities (VIE). An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity 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. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. The adoption of this new accounting guidance did not result in FPL Group or FPL consolidating any additional VIEs or deconsolidating any VIEs. As of March 31, 2010, FPL Group has four VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

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*FPL* - FPL is considered the primary beneficiary of, and therefore consolidates a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the Florida Public Service Commission (FPSC). FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Four hurricanes in 2005 and three hurricanes in 2004 caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and approximately \$200 million to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$451 million at March 31, 2010 and consisted primarily of storm-recovery property, which is included in securitized storm-recovery costs on FPL Group's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately \$555 million at March 31, 2010 and consisted primarily of storm-recovery bonds, which is included in long-term debt on FPL Group's and FPL's condensed consolidated balance sheets.

FPL identified one potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a PPA effective in 1994 with this 250 megawatt (mw) coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per mwh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE or whether FPL is the primary beneficiary of the facility. The PPA with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility 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 facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the three months ended March 31, 2010 and 2009, FPL purchased 362,390 mwh and 473,765 mwh, respectively, from the facility at a total cost of approximately \$45 million and \$42 million, respectively.

Additionally, FPL entered into a PPA effective 1995 with a 330 mw coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are passed on to FPL's customers through the fuel clause as approved by the FPSC.

In March 2010, FPL terminated its nuclear fuel lease agreements with a VIE from which it had previously leased nuclear fuel. Upon termination of the lease agreements, FPL no longer consolidates the VIE since it no longer has a variable interest in the lessor. Upon deconsolidation, FPL did not recognize any gain or loss and there was no significant effect on FPL Group's and FPL's condensed consolidated balance sheets.

*NextEra Energy Resources* - FPL Group consolidates three NextEra Energy Resources' VIEs. NextEra Energy Resources is considered the primary beneficiary of these VIEs since NextEra Energy Resources controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

Two of NextEra Energy Resources' VIEs consolidate several entities which own and operate natural gas and/or oil electric generating facilities with the capability of producing a total of 778 mw. These VIEs sell their electric output under power sales contracts to third parties, with expiration dates ranging from 2018 through 2022. The power sales contracts provide the off-taker the ability to dispatch the facilities and require the off-taker to absorb the cost of fuel. These VIEs use both third party debt and equity to finance their operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$310 million and \$222 million respectively, at March 31, 2010 and consisted primarily of property, plant and equipment and long-term debt.

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The other NextEra Energy Resources' VIE consolidates several entities which own and operate wind electric generating facilities with the capability of producing a total of 598 mw and an entity which owns and operates a 78 mile, 230 kilovolt transmission line. This VIE sells its electric output under power sales contracts to third parties with expiration dates ranging from 2026 through 2032. The VIE uses both third-party debt and equity to finance its operations. Certain investors that hold no equity interest in the VIE hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of this VIE totaled approximately \$928 million and \$921 million, respectively, at March 31, 2010, and consisted primarily of property, plant and equipment, and a deferred liability associated with the differential membership interest (recorded in other liabilities on FPL Group's condensed consolidated balance sheet) and long-term debt.

*Other* - As of March 31, 2010, several FPL Group subsidiaries have investments totaling approximately \$632 million (\$446 million at FPL) in certain special purpose entities, including but not limited to, investments in mortgage-backed securities, asset-backed securities and collateralized mortgage and debt obligations. These investments are included in special use funds and other investments on FPL Group's and FPL's condensed consolidated balance sheets. Since FPL Group's subsidiaries do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities, FPL Group is not the primary beneficiary and therefore does not consolidate these entities.

## 8. Common Stock

*Earnings Per Share* - The reconciliation of FPL Group's basic and diluted earnings per share of common stock is as follows:

	Three Months Ended March 31,	
	2010	2009
	(millions, except per share amounts)	
Numerator - net income	\$ 556	\$ 364
Denominator:		
Weighted-average number of common shares outstanding - basic	407.5	402.3
Restricted stock, performance share awards, options and warrants <sup>(a)</sup>	2.6	2.5
Weighted-average number of common shares outstanding - assuming dilution	410.1	404.8
Earnings per share of common stock:		
Basic	\$ 1.36	\$ 0.90
Assuming dilution	\$ 1.36	\$ 0.90

(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 was the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Restricted stock, performance share awards and common shares issuable upon the exercise of stock options and equity units which were not included in the denominator above due to their antidilutive effect were approximately 8.3 million and 1.1 million for the three months ended March 31, 2010 and 2009, respectively.

## 9. Debt

As of April 30, 2010, long-term debt issuances and borrowings by subsidiaries of FPL Group during 2010 were as follows:

Date Issued	Company	Debt Issued	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	6.56%	\$ 305	2030
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	Variable <sup>(a)</sup>	\$ 255	2027

(a) Variable rate is based on an underlying index plus a margin. Interest rate swap agreements were entered into with respect to the limited-recourse senior secured notes.

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**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 NextEra Energy Resources, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind and solar projects and the procurement of nuclear fuel. FPL FiberNet, LLC's (FPL FiberNet) capital expenditures primarily include costs to meet customer-specific requirements and maintain its fiber-optic network.

At March 31, 2010, estimated planned capital expenditures for the remainder of 2010 through 2014 were as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
	(millions)					
<b>FPL:</b>						
Generation: <sup>(a)</sup>						
New <sup>(b)(c)</sup>	\$ 845	\$ 1,430	\$ 1,720	\$ 460	\$ 160	\$ 4,615
Existing	480	545	490	490	465	2,470
Transmission and distribution	480	600	695	710	545	3,030
Nuclear fuel	85	200	175	250	205	915
General and other	65	100	120	60	125	470
Total	<u>\$ 1,955</u>	<u>\$ 2,875</u>	<u>\$ 3,200</u>	<u>\$ 1,970</u>	<u>\$ 1,500</u>	<u>\$ 11,500</u>
<b>NextEra Energy Resources:</b>						
Wind <sup>(d)</sup>	\$ 300	\$ 25	\$ 10	\$ 10	\$ 10	\$ 355
Nuclear <sup>(e)</sup>	375	440	315	250	230	1,610
Natural gas	70	75	70	45	20	280
Solar <sup>(f)</sup>	150	435	460	90	-	1,135
Other <sup>(g)</sup>	55	70	40	50	50	265
Total	<u>\$ 950</u>	<u>\$ 1,045</u>	<u>\$ 895</u>	<u>\$ 445</u>	<u>\$ 310</u>	<u>\$ 3,645</u>
<b>Corporate and Other<sup>(h)</sup></b>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 100</u>

(a) Includes allowance for funds used during construction (AFUDC) of approximately \$39 million, \$48 million, \$77 million, \$81 million and \$30 million in 2010 to 2014, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Includes projects that have received FPSC approval. Includes pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs recoverable through the capacity clause of approximately \$66 million, \$72 million, \$60 million and \$24 million in 2010 to 2013, respectively. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) Consists of capital expenditures for planned new wind projects that have received applicable internal approvals, and related transmission. NextEra Energy Resources plans to add new wind generation of approximately 3,500 mw to 5,000 mw in 2010 through 2014, including 600 mw to 850 mw in 2010, at a total cost of approximately \$7 billion to \$10 billion.

(e) Includes nuclear fuel.

(f) Consists of capital expenditures for planned new solar projects that have received applicable internal approvals. NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014 at a total cost of approximately \$3 billion to \$4 billion.

(g) Consists of capital expenditures that have received applicable internal approvals. Excludes capital expenditures for planned gas infrastructure projects totaling approximately \$400 million to \$600 million in 2010 through 2014.

(h) Consists of capital expenditures that have received applicable internal approvals. Excludes capital expenditures for a transmission line in Texas totaling approximately \$800 million by 2014.

FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt and guarantees. Additionally, at March 31, 2010, subsidiaries of FPL Group, other than FPL, in the normal course of business, have guaranteed certain debt service and fuel payments of non-consolidated entities of NextEra Energy Resources. The terms of the guarantees relating to the non-consolidated entities are equal to the terms of the related agreements/contracts, with remaining terms ranging from one year to eight years. The maximum potential amount of future payments that could be required under these guarantees at March 31, 2010 was approximately \$54 million. At March 31, 2010, FPL Group did not have any liabilities recorded for these guarantees. In certain instances, FPL Group can seek recourse from third parties for amounts paid under the guarantees. At March 31, 2010, the fair value of these guarantees was not material.

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*Contracts* - In addition to the estimated planned capital expenditures included in the table in Commitments above, FPL has commitments under 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-2010, approximately 1,330 mw annually from mid-2010 to mid-2015 and 375 mw annually thereafter through 2021, and one of the Southern subsidiaries' contracts is subject to minimum capacity and energy purchase obligations. FPL also has various firm pay-for-performance contracts to purchase approximately 650 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from December 2010 through 2032. 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 one agreement with an electricity supplier to purchase approximately 155 mw of power with an expiration date of 2012. In general, the agreement requires FPL to make a capacity payment and supply the fuel consumed by the plant under the contract. FPL has contracts with expiration dates through 2032 for the purchase and transportation of natural gas and coal, and storage of natural gas.

NextEra Energy Resources has entered into contracts primarily for the purchase of wind turbines and towers, solar reflectors, steam turbine generators and heat collection elements and related construction activities, as well as for the supply, conversion, enrichment and fabrication of nuclear fuel, with expiration dates ranging from June 2010 through 2022, approximately \$885 million of which is included in the estimated planned capital expenditures table in Commitments above. In addition, NextEra Energy Resources has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from October 2010 through 2033.

The required capacity and/or minimum payments under the contracts discussed above as of March 31, 2010 were estimated as follows:

	2010	2011	2012	2013	2014	Thereafter
	(millions)					
FPL:						
Capacity payments: <sup>(a)</sup>						
JEA and Southern subsidiaries <sup>(b)</sup>	\$ 190	\$ 215	\$ 215	\$ 215	\$ 195	\$ 365
Qualifying facilities <sup>(b)</sup>	\$ 230	\$ 270	\$ 290	\$ 270	\$ 270	\$ 2,890
Other electricity suppliers <sup>(b)</sup>	\$ 10	\$ 10	\$ 5	\$ -	\$ -	\$ -
Minimum payments, at projected prices:						
Southern subsidiaries - energy <sup>(b)</sup>	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
Natural gas, including transportation and storage <sup>(c)</sup>	\$ 1,520	\$ 1,480	\$ 605	\$ 395	\$ 385	\$ 4,465
Oil <sup>(c)</sup>	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -
Coal <sup>(c)</sup>	\$ 55	\$ 25	\$ 10	\$ -	\$ -	\$ -
NextEra Energy Resources <sup>(d)</sup>	\$ 850	\$ 245	\$ 215	\$ 80	\$ 65	\$ 800

(a) Capacity payments under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$149 million and \$153 million for the three months ended March 31, 2010 and 2009, respectively.

(b) Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately \$99 million and \$96 million for the three months ended March 31, 2010 and 2009, respectively.

(c) Recoverable through the fuel clause.

(d) Includes termination payments associated with wind turbine contracts for projects that have not yet received applicable internal approvals.

In addition, FPL has entered into several long-term agreements for storage capacity and transportation of natural gas from facilities that have not yet started construction or, if started, have not yet completed construction. These agreements range from 15 to 25 years in length and contain firm commitments by FPL totaling up to approximately \$175 million annually or \$4.3 billion over the terms of the agreements. These firm commitments are contingent upon the occurrence of certain events, including completion of construction of the facilities in 2011.

*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 \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.6 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, FPL Group is subject to retrospective assessments of up to \$940 million (\$470 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed \$140 million (\$70 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 Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates \$14 million, \$35 million and \$18 million, plus any applicable taxes, per incident, respectively.

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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 \$164 million (\$95 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, \$4 million and \$3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL does not have insurance coverage for a substantial portion of its transmission and distribution property and FPL Group has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through securitization provisions pursuant to Florida law or through surcharges approved by the FPSC.

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.

*Legal Proceedings* - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, 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. The EPA has made revisions to its civil penalty rule such that the maximum penalty is \$27,500 per day for each violation from January 31, 1997 through March 15, 2004, \$32,500 per day for each violation from March 16, 2004 through January 12, 2009 and \$37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiffs' 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 and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the Supreme Court's decision.

In February 2009, Florida Municipal Power Agency (FMPA) filed a petition for review with the U.S. Court of Appeals for the District of Columbia (DC Circuit) asking the DC Circuit to reverse and remand orders of the FERC denying FMPA's request for certain credits for transmission facilities owned by FMPA members. This matter arose from a 1993 FPL filing of a comprehensive restructuring of its then-existing tariff structure. FMPA's position is that FPL's rates should be reduced by an additional \$0.20 per kilowatt per month. All issues in this case have been closed by the FERC. In April 2010, the DC Circuit denied FMPA's petition for review. FMPA may petition the DC Circuit for rehearing of its decision and/or the U.S. Supreme Court for review of the D.C. Circuit's decision.

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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. In June 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 scheduled for trial in June 2011.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind II GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (NextEra Energy Resources Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. FPL Energy, LLC, now known as NextEra Energy Resources, was added as a defendant in 2005. The petition alleged that the NextEra Energy Resources Affiliates had a contractual obligation to produce and sell to TXU a minimum quantity of renewable energy credits each year and that the NextEra Energy Resources Affiliates failed to meet this obligation. The plaintiff asserted claims for breach of contract and declaratory judgment and sought damages of approximately \$34 million. The NextEra Energy Resources Affiliates filed their answer and counterclaim in 2004, denying the allegations. The counterclaim, as amended, asserted claims for conversion, breach of fiduciary duty, breach of warranty, conspiracy, breach of contract and fraud and sought termination of the contract and damages. Following a jury trial in 2007, among other findings, both TXU and the NextEra Energy Resources Affiliates were found to have breached the contract. In August 2008, the judge issued a final judgment pursuant to which the contract was not terminated and neither party would recover any damages. In November 2008, TXU appealed the final judgment to the Fifth District Court of Appeals in Dallas, Texas and the court's decision on the appeal is pending.

FPL Group and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, FPL Group and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions 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 and regulatory proceedings, actions 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 the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, 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.

*Regulatory Proceedings* - On March 17, 2010, the FPSC issued its final order (FPSC rate order) with regard to FPL's March 2009 petition requesting, among other things, a permanent base rate increase for 2010. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory return on common equity (ROE) of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion for reconsideration and clarification (FPL motion) asking the FPSC to correct specific computational errors in the FPSC rate order (reconsideration errors) and to clarify an apparent inconsistency relating to the computation of the annual depreciation expense used in setting FPL's retail base rates (depreciation inconsistency). Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending. FPL cannot predict the outcome of the FPL motion proceedings before the FPSC, and the outcome could be different than what was requested in the FPL motion.

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**11. Segment Information**

FPL Group's reportable segments include FPL, a rate-regulated utility, and NextEra Energy Resources, a competitive energy business. Beginning in 2010, NextEra Energy Resources' financial statements include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. These changes were made to reflect an expected average capital structure at FPL Group Capital and more accurately reflect NextEra Energy Resources' operating costs. 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,							
	2010				2009			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corporate & Other	FPL Group Consolidated (millions)	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corporate & Other <sup>(c)</sup>	FPL Group Consolidated
Operating revenues	\$ 2,328	\$ 1,247	\$ 47	\$ 3,622	\$ 2,573	\$ 1,089	\$ 43	\$ 3,705
Operating expenses	\$ 1,935	\$ 711	\$ 37	\$ 2,683	\$ 2,311	\$ 776	\$ 35	\$ 3,122
Net income (loss) <sup>(b)</sup>	\$ 191	\$ 367	\$ (2)	\$ 556	\$ 127	\$ 228	\$ 9	\$ 364

	March 31, 2010				December 31, 2009			
	FPL	NextEra Energy Resources	Corporate & Other	FPL Group Consolidated (millions)	FPL	NextEra Energy Resources	Corporate & Other	FPL Group Consolidated
Total assets	\$28,053	\$ 20,908	\$ 1,981	\$ 50,942	\$26,812	\$ 20,136	\$ 1,510	\$ 48,458

(a) NextEra Energy Resources' interest expense is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by a NextEra Energy Resources subsidiary in 2007 is included with debt. Residual non-utility interest expense is included in Corporate and Other.

(b) See Note 5 for a discussion of NextEra Energy Resources' tax benefits related to PTCs.

(c) Segment information restated for the changes listed above.

**12. Summarized Financial Information of FPL Group Capital**

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for, and holds ownership interests 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,							
	2010				2009			
	FPL Group (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consolidated (millions)	FPL Group (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consolidated
Operating revenues	\$ -	\$ 1,297	\$ 2,325	\$ 3,622	\$ -	\$ 1,135	\$ 2,570	\$ 3,705
Operating expenses	(1)	(751)	(1,931)	(2,683)	-	(813)	(2,309)	(3,122)
Interest expense	(4)	(151)	(83)	(238)	(4)	(134)	(73)	(211)
Other income (deductions) - net	564	68	(563)	69	373	(9)	(353)	11
Income (loss) before income taxes	559	463	(252)	770	369	179	(165)	383
Income tax expense (benefit)	3	91	120	214	5	(57)	71	19
Net income (loss)	\$ 556	\$ 372	\$ (372)	\$ 556	\$ 364	\$ 236	\$ (236)	\$ 364

(a) Represents FPL and consolidating adjustments.

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Condensed Consolidating Balance Sheets

	March 31, 2010				December 31, 2009			
	FPL Group (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consoli- dated	FPL Group (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consoli- dated
	(millions)							
<b>PROPERTY, PLANT AND EQUIPMENT</b>								
Electric utility plant in service and other property	\$ 2	\$ 19,770	\$ 31,495	\$ 51,267	\$ 2	\$ 19,185	\$ 30,982	\$ 50,169
Less accumulated depreciation and amortization	-	(3,722)	(10,691)	(14,413)	-	(3,513)	(10,578)	(14,091)
Total property, plant and equipment - net	<u>2</u>	<u>16,048</u>	<u>20,804</u>	<u>36,854</u>	<u>2</u>	<u>15,672</u>	<u>20,404</u>	<u>36,078</u>
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	-	625	590	1,215	-	156	82	238
Receivables	460	1,102	384	1,946	453	1,247	547	2,247
Other	4	1,465	927	2,396	4	1,258	590	1,852
Total current assets	<u>464</u>	<u>3,192</u>	<u>1,901</u>	<u>5,557</u>	<u>457</u>	<u>2,661</u>	<u>1,219</u>	<u>4,337</u>
<b>OTHER ASSETS</b>								
Investment in subsidiaries	13,146	-	(13,146)	-	12,785	-	(12,785)	-
Other	551	3,563	4,417	8,531	557	3,257	4,229	8,043
Total other assets	<u>13,697</u>	<u>3,563</u>	<u>(8,729)</u>	<u>8,531</u>	<u>13,342</u>	<u>3,257</u>	<u>(8,556)</u>	<u>8,043</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,163</u>	<u>\$ 22,803</u>	<u>\$ 13,976</u>	<u>\$ 50,942</u>	<u>\$ 13,801</u>	<u>\$ 21,590</u>	<u>\$ 13,067</u>	<u>\$ 48,458</u>
<b>CAPITALIZATION</b>								
Common shareholders' equity	\$ 13,336	\$ 4,519	\$ (4,519)	\$ 13,336	\$ 12,967	\$ 4,349	\$ (4,349)	\$ 12,967
Long-term debt	-	10,326	6,275	16,601	-	10,506	5,794	16,300
Total capitalization	<u>13,336</u>	<u>14,845</u>	<u>1,756</u>	<u>29,937</u>	<u>12,967</u>	<u>14,855</u>	<u>1,445</u>	<u>29,267</u>
<b>CURRENT LIABILITIES</b>								
Debt due within one year	-	2,625	1,287	3,912	-	1,729	860	2,589
Accounts payable	-	392	545	937	-	453	539	992
Other	453	1,325	1,155	2,933	417	1,170	1,281	2,868
Total current liabilities	<u>453</u>	<u>4,342</u>	<u>2,987</u>	<u>7,782</u>	<u>417</u>	<u>3,352</u>	<u>2,680</u>	<u>6,449</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>								
Asset retirement obligations	-	556	1,857	2,413	-	585	1,833	2,418
Accumulated deferred income taxes	68	1,440	3,575	5,083	94	1,318	3,448	4,860
Regulatory liabilities	15	-	3,241	3,256	16	-	3,166	3,182
Other	291	1,620	560	2,471	307	1,480	495	2,282
Total other liabilities and deferred credits	<u>374</u>	<u>3,616</u>	<u>9,233</u>	<u>13,223</u>	<u>417</u>	<u>3,383</u>	<u>8,942</u>	<u>12,742</u>
<b>COMMITMENTS AND CONTINGENCIES</b>								
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 14,163</u>	<u>\$ 22,803</u>	<u>\$ 13,976</u>	<u>\$ 50,942</u>	<u>\$ 13,801</u>	<u>\$ 21,590</u>	<u>\$ 13,067</u>	<u>\$ 48,458</u>

(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

	Three Months Ended March 31,							
	2010				2009			
	FPL Group (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consoli- dated	FPL Group (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	FPL Group Consoli- dated
	(millions)							
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 201	\$ 495	\$ 200	\$ 896	\$ 234	\$ 379	\$ 430	\$ 1,043
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures, independent power investments and nuclear fuel purchases	-	(613)	(800)	(1,413)	-	(458)	(618)	(1,076)
Sale of independent power investments	-	-	-	-	-	5	-	5
Other - net	-	43	9	52	(85)	(14)	74	(25)
Net cash used in investing activities	-	(570)	(791)	(1,361)	(85)	(467)	(544)	(1,096)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	-	301	499	800	-	1,014	494	1,508
Retirements of long-term debt	-	(79)	(23)	(102)	-	(339)	(20)	(359)
Net change in short-term debt	-	490	426	916	-	(907)	(313)	(1,220)
Issuances of common stock	12	-	-	12	49	-	-	49
Dividends on common stock	(204)	-	-	(204)	(191)	-	-	(191)
Other - net	(9)	(168)	197	20	(7)	85	(71)	7
Net cash provided by (used in) financing activities	(201)	544	1,099	1,442	(149)	(147)	90	(206)
Net increase (decrease) in cash and cash equivalents	-	469	508	977	-	(235)	(24)	(259)
Cash and cash equivalents at beginning of period	-	156	82	238	-	414	121	535
Cash and cash equivalents at end of period	\$ -	\$ 625	\$ 590	\$ 1,215	\$ -	\$ 179	\$ 97	\$ 276

(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 2009 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 period.

### Results of Operations

The FPSC rate order was issued March 17, 2010 with regard to FPL's March 2009 petition requesting, among other things, a permanent base rate increase for 2010. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion asking the FPSC to correct the reconsideration errors and to clarify the depreciation inconsistency. Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending. FPL cannot predict the outcome of the FPL motion proceedings before the FPSC, and the outcome could be different than what was requested in the FPL motion.

FPL suspended activity on the modernization of its Riviera Beach and Cape Canaveral power plants in January 2010 in order to appropriately evaluate the impact of the rate case decision, including its effect on FPL's credit quality and implications for the cost of capital. Following an in-depth analysis, FPL has determined it is appropriate to move ahead with the modernizations of its Riviera Beach and Cape Canaveral power plants. The units are expected to go into service in 2013 and 2014, as originally planned, and are expected to provide customers with substantial savings over the life of the plants. FPL had also suspended activity on its proposed natural gas pipeline. FPL believes Florida needs a third natural gas pipeline to enhance fuel security and give customers access to additional markets. However, given a revised load forecast, new natural gas supplies are not projected to be needed until 2016. As a result, FPL expects to evaluate options in 2011 for developing a third pipeline in the future. FPL expects to continue a step-wise approach to development activities regarding the additional nuclear units at FPL's Turkey Point site with the focus on obtaining the combined operating license. The plan is not to proceed with construction until at least the combined operating license is obtained. FPL is also considering applying for a federal government loan guarantee. Considering the current environment, the most reasonable estimate for in-service dates are 2022 and 2023 for Turkey Point Units Nos. 6 and 7, respectively. The effect of the decisions discussed above and those regarding other infrastructure projects are reflected in FPL's planned capital expenditures. See Note 10 - Commitments.

FPL Group and NextEra Energy Resources segregate into two categories unrealized mark-to-market gains and losses on energy derivative transactions which are used to manage commodity price risk. The first category, referred to as trading activities, represents the net unrealized effect of actively traded positions entered into to optimize the value of generation assets and related contracts and to take advantage of market price movements. 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 or for which hedge accounting has not been elected, and the ineffective portion of transactions accounted for as cash flow hedges. In January 2010, FPL Group and NextEra Energy Resources discontinued hedge accounting for their cash flow hedges related to commodity derivative instruments, which amounted to \$48 million of after-tax net unrealized mark-to-market gains from non-qualifying hedge activity for the three months ended March 31, 2010, and which could result in increased volatility in the non-qualifying hedge category in future periods. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. See Note 2.

FPL Group's management uses earnings excluding certain items (adjusted earnings) 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. Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges and other than temporary impairment (OTTI) losses on securities held in NextEra Energy Resources' nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). 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. Adjusted earnings do not represent a substitute for net income, as prepared in accordance with generally accepted accounting principles.

*Summary* - Presented below is a summary of net income (loss) by reportable segment (see Note 11). Beginning in 2010, NextEra Energy Resources' results include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. FPL Group's other reportable segment, FPL, a rate-regulated utility, was not affected by these changes. Prior year segment data of NextEra Energy Resources and Corporate and Other has been restated to include the effect of these changes. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries.

	Three Months Ended March 31,	
	2010	2009
	(millions)	
FPL	\$ 191	\$ 127
NextEra Energy Resources	367	228
Corporate and Other	(2)	9
FPL Group Consolidated	<u>\$ 556</u>	<u>\$ 364</u>

The increase in FPL's results for the three months ended March 31, 2010 reflects higher customer usage primarily due to cold weather, retail base rate increases resulting from the placement in service of West County Energy Center (WCEC) Units Nos. 1 and 2 and the FPSC rate order and higher cost recovery clause results, partly offset by higher operations and maintenance (O&M) expenses and lower equity component of AFUDC (AFUDC - equity).

NextEra Energy Resources' results for the three months ended March 31, 2010 reflect increased earnings from new investments, gains from the sale of a power supply contract and from the sale of a waste-to-energy project, and higher earnings from NextEra Energy Resources' retail energy provider, offset by lower earnings from the existing portfolio, reflecting a lower wind resource and unfavorable market conditions, the absence of the state and foreign tax benefits (see Note 5) recorded in the prior year and higher expenses to support the growth of the business. In addition, NextEra Energy Resources' net income for the three months ended March 31, 2010 and 2009 reflects net unrealized after-tax gains from non-qualifying hedges of approximately \$167 million and \$30 million, respectively. 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 or losses as the underlying transactions were 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. For the three months ended March 31, 2010 and 2009, NextEra Energy Resources recorded \$1 million and \$31 million, respectively, of after-tax OTTI losses on securities held in its nuclear decommissioning funds. For the three months ended March 31, 2010 and 2009, NextEra Energy Resources had approximately \$5 million and \$1 million, respectively, of after-tax OTTI reversals.

Results for Corporate and Other for the three months ended March 31, 2010 reflect higher interest expense and lower interest income. Corporate and Other also includes approximately \$1 million of net unrealized after-tax losses from non-qualifying hedges.

FPL Group's effective income tax rate for the three months ended March 31, 2010 and 2009 was approximately 27.8% and 4.9%, respectively, and reflects PTCs for wind projects at NextEra Energy Resources and deferred tax benefits associated with convertible ITCs under the Recovery Act. PTCs and deferred tax benefits associated with convertible ITCs can significantly affect FPL Group's effective income tax rate depending on the amount of pretax income. PTCs can be significantly affected by wind generation. The increase in the effective income tax rate for the three months ended March 31, 2010 was primarily due to the effect of higher pretax income, due in part to higher net unrealized mark-to-market gains from non-qualifying hedge activity, as well as the absence of the foreign and state tax benefits recorded in 2009. PTCs for the three months ended March 31, 2010 and 2009 were \$75 million and \$72 million, respectively, and reflect an increase in the per kwh federal rate, partly offset by lower wind production eligible for PTCs. See Note 5.

FPL - FPL's net income for the three months ended March 31, 2010 and 2009 was \$191 million and \$127 million, respectively, an increase of \$64 million which is discussed above.

FPL's operating revenues consisted of the following:

	Three Months Ended March 31,	
	2010	2009
	(millions)	
Retail base	\$ 933	\$ 794
Fuel cost recovery	619	1,325
Net repayment of previously deferred retail fuel revenues	356	-
Other cost recovery clauses and pass-through costs	373	404
Other, primarily pole attachment rentals, transmission and wholesale sales and customer-related fees	47	50
Total	<u>\$ 2,328</u>	<u>\$ 2,573</u>

For the three months ended March 31, 2010, a 0.2% increase in the average number of customer accounts increased retail base revenues by approximately \$2 million, while a 6.4% increase in usage per retail customer, primarily reflecting cold weather, increased retail base revenues by approximately \$74 million. Base rate increases resulting from WCEC Units Nos. 1 and 2 commencing commercial operation in 2009 and the base rate increase pursuant to the FPSC rate order increased retail base revenues by approximately \$56 million and \$7 million, respectively.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return allowed to be recovered through the cost recovery clauses on certain assets, primarily solar, environmental and nuclear capacity additions. For the three months ended March 31, 2010 and 2009, cost recovery clauses contributed \$18 million and \$8 million, respectively, to FPL's net income. In 2010, it is expected that an additional portion of FPL's earnings will be recovered through cost recovery clauses as a result of incremental solar, environmental and nuclear capacity expenditures primarily related to the addition of baseload capacity at FPL's existing nuclear units at St. Lucie and Turkey Point, partly offset by a lower allowed rate of return applied to solar and environmental expenditures as a result of the FPSC rate order. Underrecovery or overrecovery of such cost recovery clause and pass-through 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 in the condensed consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity additions until such capacity goes into service, pre-construction costs associated with the development of two additional units at the Turkey Point site and changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes and other, respectively, in the condensed consolidated statements of income.

FPL uses a risk management fuel procurement program which was approved by the FPSC at the program's inception. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The current regulatory asset for the change in fair value of derivative instruments used in the fuel procurement program amounted to approximately \$430 million and \$68 million at March 31, 2010 and December 31, 2009, respectively. Pursuant to an FPSC order, FPL was required to refund in the form of a one-time credit to retail customers' bills the 2009 year-end estimated fuel overrecovery; during the first quarter of 2010, approximately \$404 million was refunded to retail customers. At December 31, 2009, approximately \$356 million of retail fuel revenues were overrecovered, the reversal of which is reflected in the net repayment of previously deferred retail fuel revenues caption above. The difference between the refund and the December 31, 2009 overrecovery will be collected from retail customers in a subsequent period. The decrease in fuel revenues for the three months ended March 31, 2010 reflects the \$404 million refund and approximately \$361 million related to a lower average fuel factor, partly offset by \$59 million attributable to higher energy sales. The decrease from December 31, 2009 to March 31, 2010 in deferred clause and franchise revenues and the increase in deferred clause and franchise expenses (current and noncurrent, collectively) on FPL Group's and FPL's condensed consolidated balance sheets totaled approximately \$392 million and negatively affected FPL Group's and FPL's cash flows from operating activities for the three months ended March 31, 2010.

The decrease in revenues from other cost recovery clauses and pass-through costs for the three months ended March 31, 2010 is primarily due to lower revenues associated with the FPSC's nuclear cost recovery rule, reflecting lower expenditures primarily related to two proposed nuclear units at FPL's Turkey Point site. FPL recovers, under the FPSC's nuclear cost recovery rule through levelized charges under the capacity clause, pre-construction costs associated with the development of two additional units at the Turkey Point site and carrying charges (equal to a pretax AFUDC rate) on construction costs associated with the addition of baseload capacity at its existing nuclear units. The same rule provides for the recovery of construction costs, once the new capacity goes into service, through a base rate increase.

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Three Months Ended March 31,	
	2010	2009
	(millions)	
Fuel and energy charges during the period	\$ 1,007	\$ 1,083
Net collection of previously deferred retail fuel costs	-	254
Net deferral of retail fuel costs	(25)	-
Other, primarily capacity charges, net of any capacity deferral	125	132
Total	<u>\$ 1,107</u>	<u>\$ 1,469</u>

The decrease in fuel and energy charges for the three months ended March 31, 2010 reflects lower fuel and energy prices of approximately \$129 million, partly offset by approximately \$53 million attributable to higher energy sales.

FPL's O&M expenses increased \$33 million for the three months ended March 31, 2010 reflecting higher nuclear and fossil generation, distribution and insurance costs of approximately \$17 million, \$16 million, \$9 million and \$3 million, respectively, partly offset by lower employee benefit and customer service costs, primarily due to lower uncollectible accounts, of \$7 million and \$4 million, respectively. The increase in nuclear generation costs reflects a reimbursement in 2009 of prior years' costs of approximately \$10 million related to a spent nuclear fuel litigation settlement agreement with the U.S. Government, as well as higher refueling and maintenance outage costs. The increase in fossil generation costs is primarily due to higher plant overhaul costs and additional costs related to WCEC Units Nos. 1 and 2, which units were placed in service in 2009. The increase in distribution costs reflects higher restoration costs incurred primarily during cold weather experienced in January 2010. Insurance costs reflect higher nuclear insurance costs. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income. Management expects O&M expenses, excluding pass-through O&M costs, in 2010 to exceed the 2009 level primarily due to higher nuclear and fossil generation, transmission and distribution costs, higher employee benefit and nuclear insurance costs, as well as the cost of reducing staffing levels during the second quarter of 2010 to keep costs in line with the current Florida economy.

Depreciation and amortization expense for the three months ended March 31, 2010 decreased \$22 million reflecting lower pass-through costs of approximately \$15 million which did not significantly affect net income. The remaining change in depreciation and amortization expense was primarily driven by amortization of a depreciation reserve surplus of \$895 million over a four-year period and other depreciation and amortization changes pursuant to the FPSC rate order, partly offset by the cessation of a \$125 million annual reduction in depreciation and amortization expense which FPL had been recording since 2002 and higher plant in service balances.

Taxes other than income taxes and other decreased \$25 million for the three months ended March 31, 2010 primarily due to lower franchise fees and revenue taxes, which are pass-through costs, partly offset by higher property taxes of \$11 million, reflecting growth in plant in service balances. The decline in franchise fees and revenue taxes reflects the decline in fuel revenues.

Interest expense for the three months ended March 31, 2010 reflects higher average debt balances, as well as lower allowance for borrowed funds used during construction. The decrease in AFUDC - equity for the three months ended March 31, 2010 is primarily attributable to lower AFUDC - equity on WCEC Units Nos. 1 and 2, which units went into service in 2009, partly offset by additional AFUDC - equity on WCEC Unit No. 3.

FPL is currently constructing WCEC Unit No. 3, a natural gas-fired combined-cycle unit of approximately 1,220 mw, which is expected to be placed in service by mid-2011. In addition, FPL is in the process of adding approximately 400 mw to 460 mw of baseload capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service from 2011 to early 2013. FPL is also constructing a 75 mw solar thermal facility in Martin County, Florida, which is expected to be in service by the end of 2010. A 10 mw solar photovoltaic facility in Brevard County, Florida was placed in service in April 2010.

*NextEra Energy Resources* - NextEra Energy Resources' 2009 segment results have been restated to reflect a change in the method of allocating non-utility interest expense and the allocation of shared service costs. See discussion above under Summary and Note 11. NextEra Energy Resources' net income for the three months ended March 31, 2010 and 2009 was \$367 million and \$228 million, respectively, an increase of \$139 million. The primary drivers, on an after-tax basis, of this increase were as follows:

	Increase (Decrease) From Prior Period Three Months Ended March 31, 2010 (millions)
New investments <sup>(a)</sup>	\$ 14
Existing assets <sup>(a)</sup>	(33)
Wholesale marketing and trading	11
Asset sales	9
Interest expense, differential membership costs and other	(33)
Change in unrealized mark-to-market non-qualifying hedge activity <sup>(b)</sup>	137
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals	34
Net income increase	<u>\$ 139</u>

- (a) Includes PTCs and ITCs on wind projects and ITCs on solar projects and, for new investments, deferred tax benefits associated with convertible ITCs (see Note 5) but does not include allocation of interest expense or corporate general and administrative expenses. 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 thirteenth month of operation.
- (b) See Note 2 and discussion above related to derivative instruments.

The increase in NextEra Energy Resources' results from new investments reflects the addition of approximately 1,360 mw of wind generation during or after the first quarter of 2009. Results from NextEra Energy Resources' existing asset portfolio decreased primarily due to lower results of \$31 million associated with existing wind projects primarily due to a lower wind resource across the portfolio, the absence of the \$17 million state tax benefit (see Note 5) recorded in 2009 and unfavorable results in the Electric Reliability Council of Texas (ERCOT) region of \$11 million due primarily to unfavorable market conditions and a planned maintenance outage in 2010 at a natural gas-fired plant. These results were partially offset by increased results in the New England Power Pool (NEPOOL) region of \$13 million due principally to favorable results at Seabrook resulting from higher-priced hedges and \$6 million from NextEra Energy Resources' retail energy provider due to favorable commodity margins. Substantially all of the expected 2010 results from NextEra Energy Resources' existing assets are hedged against fluctuations in commodity prices.

The increase in NextEra Energy Resources' results from wholesale marketing and trading is primarily due to a gain from the sale of a power supply contract that NextEra Energy Resources entered into in 2009. Wholesale marketing and trading includes 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 asset sales represent an after-tax gain of approximately \$11 million recorded in 2010 on a waste-to-energy project sold in 2009, partly offset by a gain from the sale of wind development rights in 2009.

Interest expense, differential membership costs and other reflects increased costs due to growth of the business and the absence of the \$18 million foreign tax benefit (see Note 5) which was recorded in 2009.

For the three months ended March 31, 2010 and 2009, NextEra Energy Resources recorded net unrealized mark-to-market after-tax gains from non-qualifying hedges of approximately \$167 million and \$30 million, respectively. 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 or losses as the underlying transactions were realized. For the three months ended March 31, 2010 and 2009, NextEra Energy Resources recorded \$1 million and \$31 million, respectively, of after-tax OTTI losses on securities held in its nuclear decommissioning funds. For the three months ended March 31, 2010 and 2009, NextEra Energy Resources had approximately \$5 million and \$1 million, respectively, of after-tax OTTI reversals.

Operating revenues for the three months ended March 31, 2010 increased \$158 million primarily due to gains of \$152 million on unrealized mark-to-market non-qualifying hedge activity in 2010 compared to gains on such hedges of \$90 million in 2009. Excluding this mark-to-market activity, revenues were affected by higher operating revenues at NextEra Energy Power Marketing, LLC (PMI), a subsidiary of NextEra Energy Resources that buys and sells wholesale energy commodities, and NextEra Energy Resources' retail energy provider (collectively, approximately \$107 million), project additions (\$38 million), and higher revenues in the NEPOOL region primarily due to higher-priced hedges, partially offset by an unfavorable wind resource and unfavorable market conditions in the PJM Interconnection, L.L.C. region.

Operating expenses for the three months ended March 31, 2010 decreased \$65 million, reflecting \$127 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$40 million of losses in 2009. This was partially offset by higher fuel costs of approximately \$62 million, principally at PMI and NextEra Energy Resources' retail provider. Additionally, operating expenses were higher for the three months ended March 31, 2010 due to higher costs for project additions of approximately \$26 million and higher corporate and other operating expenses of \$12 million to support the growth of the business.

NextEra Energy Resources' interest expense for the three months ended March 31, 2010 increased \$10 million due to increased borrowings to support the growth of the business. Gains on disposal of assets - net in FPL Group's condensed consolidated statements of income for the three months ended March 31, 2010 reflects a pretax gain of \$18 million on the waste-to-energy project and \$19 million of gains on sales of securities held in NextEra Energy Resources' nuclear decommissioning funds, and in 2009 reflect \$6 million of gains on sales of securities held in nuclear decommissioning funds.

See Summary above and Note 5 for a discussion of PTCs, deferred tax benefits associated with convertible ITCs and FPL Group's effective income tax rates for the three months ended March 31, 2010 and 2009.

NextEra Energy Resources expects its future portfolio capacity growth to come primarily from wind and solar development and from asset acquisitions. NextEra Energy Resources plans to add a total of approximately 600 mw to 850 mw of new wind generation in 2010, of which 99 mw were placed in service in April 2010 and approximately 140 mw are under construction or have obtained applicable internal approvals for construction. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation in 2010 through 2014. In April 2010, NextEra Energy Resources was awarded 148 mw of wind projects in Ontario, Canada, as part of the province's Feed-in Tariff program, which projects are expected to be in service in 2011. In addition, NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014. Currently, in the United States, 31 states and the District of Columbia have renewable portfolio standards (RPS) requiring electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. NextEra Energy Resources believes that these standards will create incremental demand for renewable energy in the future.

*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 non-utility interest expense and shared service costs to NextEra Energy Resources. See discussion above under Summary and Note 11 regarding a change, beginning in 2010, in the method of allocating non-utility interest expense, the allocation of shared service costs and the restatement of the prior year segment results of Corporate and Other. For purposes of allocating non-utility interest expense, the deferred credit associated with differential membership interests sold by a NextEra Energy Resources subsidiary in December 2007 is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Three Months Ended March 31,	
	2010	2009
	(millions)	
Interest expense, net of allocations to NextEra Energy Resources	\$ (15)	\$ (10)
Interest income	8	13
Other	5	6
Net income (loss)	<u>\$ (2)</u>	<u>\$ 9</u>

The increase in interest expense for the three months ended March 31, 2010 reflects additional debt outstanding, partly offset by a higher allocation of interest costs to NextEra Energy Resources and lower average interest rates of approximately 38 basis points. The decline in interest income reflects lower interest income on unrecognized tax benefits. Other includes all other corporate income and expenses, as well as other business activities.

## Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem or repurchase outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of internally generated funds, borrowings, 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. FPL Group, FPL and FPL Group Capital access the credit and capital markets as significant sources of liquidity for capital requirements that are not satisfied by operating cash flows. The inability of FPL Group, FPL and FPL Group Capital to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements. In January 2010, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) placed FPL Group, FPL and FPL Group Capital on negative credit watch with the possibility of a credit ratings downgrade. During March and April 2010, Moody's, S&P and Fitch downgraded certain credit ratings of FPL Group, FPL and FPL Group Capital primarily due to, among other things, a deterioration in the political, regulatory and economic environment at FPL and growing investment in FPL Group's unregulated businesses. The rating agencies removed FPL Group, FPL and FPL Group Capital from negative credit watch, and Moody's and S&P indicated a stable outlook, while Fitch indicated a negative outlook. The revised ratings are included in the table in Credit Ratings below.

The global and domestic credit and capital markets experienced unprecedented levels of volatility and disruption in the recent past. This significantly affected the cost and available sources of liquidity in the financial markets. FPL and FPL Group Capital have continued to have access to commercial paper and short- and long-term credit and capital markets. If capital and credit market conditions change, this could alter spending plans at FPL and NextEra Energy Resources.

*Available Liquidity* - At March 31, 2010, FPL Group's total net available liquidity was approximately \$4.1 billion, of which FPL's portion was approximately \$2.0 billion. The components of each company's net available liquidity at March 31, 2010 were as follows:

	FPL	FPL Group Capital (millions)	FPL Group Consoli- dated	Maturity Date	
				FPL	FPL Group Capital
Bank revolving lines of credit <sup>(a)</sup>	\$ 2,473	\$ 3,917	\$ 6,390	(b)	(b)
Less letters of credit	(49)	(793)	(842)		
	<u>2,424</u>	<u>3,124</u>	<u>5,548</u>		
Revolving term loan facility	250	-	250	2011	
Less borrowings	(250)	-	(250)		
	<u>-</u>	<u>-</u>	<u>-</u>		
Subtotal	2,424	3,124	5,548		
Cash and cash equivalents	590	625	1,215		
Less commercial paper and notes payable	(994)	(1,692)	(2,686)		
Net available liquidity	<u>\$ 2,020</u>	<u>\$ 2,057</u>	<u>\$ 4,077</u>		

(a) Provide for the issuance of letters of credit up to \$6,390 million (\$2,473 million for FPL) and are available to support FPL's and FPL Group Capital's commercial paper programs and short-term borrowings 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. FPL's bank revolving lines of credit are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

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

As of April 30, 2010, 35 banks participate in FPL's and FPL Group Capital's credit facilities and FPL's revolving term loan facility, with no one bank providing more than 8.5% of the combined credit facilities and FPL's revolving term loan facility. In order for FPL Group Capital to borrow under the terms of its credit facility, FPL Group (which guarantees the payment of FPL Group Capital's credit facility pursuant to a 1998 guarantee agreement) is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL Group Capital credit facility also contains default and related acceleration provisions relating to, among other things, failure of FPL Group to maintain a ratio of funded debt to total capitalization at or below the specified ratio. Similarly, in order for FPL to borrow under the terms of its credit facility and revolving term loan facility, FPL is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL credit facility and revolving term loan facility also contain default and related acceleration provisions relating to, among other things, failure of FPL to maintain a ratio of funded debt to total capitalization at or below the specified ratio. At March 31, 2010, each of FPL Group and FPL was in compliance with its required ratio.

In January 2009, FPL Group entered into an agreement under which FPL Group may offer and sell, from time to time, FPL Group common stock having a gross sales price of up to \$400 million. During 2009, FPL Group received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$160 million. As of April 30, 2010, FPL Group had not sold any FPL Group common stock under this agreement during 2010.

At March 31, 2010, FPL had the capacity to absorb up to approximately \$200 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC. Also, an indirect wholly-owned subsidiary of NextEra Energy Resources has established an \$80 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.

*Letters of Credit, Surety Bonds and Guarantees* - FPL Group and FPL obtain letters of credit and surety bonds, and issue guarantees to facilitate commercial transactions with third parties and financings. At March 31, 2010, FPL Group had approximately \$1.1 billion of standby letters of credit (\$60 million for FPL), approximately \$76 million of surety bonds (\$44 million for FPL) and approximately \$8.5 billion notional amount of guarantees (\$44 million for FPL), of which approximately \$7.0 billion (\$70 million for FPL) letters of credit and guarantees have expirations within the next five years. An aggregate of approximately \$842 million (\$49 million for FPL) of the standby letters of credit at March 31, 2010 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity above. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for wind development, nuclear activities and other contractual agreements. Each of FPL Group and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds and guarantees. Accordingly, at March 31, 2010, FPL Group and FPL did not have any liabilities recorded for these letters of credit, surety bonds and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of its debt and 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 NextEra Energy Resources and its subsidiaries. See Note 10 - Commitments.

*Shelf Registration* - In August 2009, FPL Group, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement with the SEC for an unspecified amount of securities. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of April 30, 2010, 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, junior subordinated debentures, first mortgage bonds, preferred trust securities, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of April 30, 2010, FPL Group and FPL Group Capital had approximately \$1.7 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had \$0.5 billion of board-authorized available capacity.

**Credit Ratings** - At April 30, 2010, Moody's, S&P and Fitch had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	Moody's <sup>(a)</sup>	S&P <sup>(a)</sup>	Fitch <sup>(a)</sup>
FPL Group: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
FPL: <sup>(b)</sup>			
Corporate credit rating	A2	A-	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	VMIG-1	A	A+
Commercial paper	P-1	A-2	F1
FPL Group Capital: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F1

(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 stable, stable and negative, respectively.

FPL Group and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. 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 and FPL Group Capital, the maintenance of a specific minimum credit rating is not a condition to drawing on those credit facilities. Commitment fees and interest rates on loans under the credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities. In addition, a ratings downgrade could result in the requirement that FPL Group subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and FPL Group Capital's bank revolving lines of credit are available to support these potential requirements. See Available Liquidity above.

**Cash Flow** - The changes in cash and cash equivalents are summarized as follows:

	FPL Group		FPL	
	Three Months Ended March 31,			
	2010	2009	2010	2009
	(millions)			
Net cash provided by operating activities	\$ 896	\$ 1,043	\$ 389	\$ 630
Net cash used in investing activities	(1,361)	(1,096)	(787)	(626)
Net cash provided by (used in) financing activities	1,442	(206)	905	(28)
Net increase (decrease) in cash and cash equivalents	\$ 977	\$ (259)	\$ 507	\$ (24)

FPL Group's cash and cash equivalents increased for the three months ended March 31, 2010 reflecting cash generated by operating activities, net issuances of both long- and short-term debt and the cash grants received under the Recovery Act. These inflows were partially offset by capital investments by FPL and NextEra Energy Resources and the payment of common stock dividends to FPL Group shareholders.

FPL Group's cash flows from operating activities for the three months ended March 31, 2010 reflect cash generated by net income, the receipt of option premiums to minimize exposure to natural gas and power price volatility and a decrease in customer receivables at FPL. These inflows were partially offset by FPL's one-time refund of approximately \$404 million to retail customers for fuel overrecovery.

FPL Group's cash flows from investing activities for the three months ended March 31, 2010 reflect capital investments, including nuclear fuel purchases, of approximately \$801 million by FPL to expand and enhance its electric system and generating facilities to continue to provide reliable service to meet the power needs of present and future customers and investments in independent power projects of approximately \$597 million by NextEra Energy Resources. FPL Group's cash flows from investing activities also include approximately \$99 million (comprised of \$55 million and \$44 million at NextEra Energy Resources and FPL, respectively) of cash grants under the Recovery Act, the purchase and sale of restricted securities held in the special use funds, including the reinvestment of fund earnings and new contributions by NextEra Energy Resources, as well as other investment activity, primarily at FPL Group Capital. During the balance of 2010, FPL Group expects to receive approximately \$318 million (none at FPL) in additional cash grants under the Recovery Act for energy projects placed in service in 2009. On April 30, 2010, Peace Gardens Wind Funding, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources sold its Class B membership interests in Peace Gardens Wind, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources with ownership interests in two wind generation facilities with generating capability totaling approximately 170 mw located in North Dakota, to certain third-party investors for approximately \$190 million.

During the three months ended March 31, 2010, FPL Group generated proceeds from financing activities, net of related issuance costs, of approximately \$1.7 billion, including a net increase in short-term debt of \$916 million (comprised of \$490 million and \$426 million at FPL Group Capital and FPL, respectively) for anticipated liquidity needs and the following long-term debt issuances and borrowings:

Date Issued	Company	Debt Issued	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	6.56%	305	2030
				<u>\$ 805</u>	
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	Variable <sup>(a)</sup>	\$ 255	2027

(a) Variable rate is based on an underlying index plus a margin. Interest rate swap agreements were entered into with respect to the limited-recourse senior secured notes.

During the three months ended March 31, 2010, FPL Group paid approximately \$306 million in connection with financing activities, including \$80 million in principal payments on NextEra Energy Resources' debt, a \$22 million principal payment on storm-recovery bonds and \$204 million for the payment of dividends on FPL Group's common stock.

FPL Group's cash and cash equivalents decreased for the three months ended March 31, 2009, reflecting capital investments by FPL and NextEra Energy Resources, a net decrease in short-term debt, principal repayments of long-term debt and common stock dividends. These outflows were partially offset by the receipt of cash from the net issuance of long-term debt and the recovery of fuel costs.

## 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,							
	2010				2009			
	(millions)							
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Pension and Other Benefits	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Pension and Other Benefits	Other	Total
Balances at December 31 of prior year	\$ 67	\$ (3)	\$ 105	\$ 169	\$ 5	\$ (25)	\$ 7	\$ (13)
Net unrealized gains (losses) on commodity cash flow hedges:								
Effective portion of net unrealized gains (net of \$8 and \$61 tax expense, respectively)	12	-	-	12	90	-	-	90
Reclassification from AOCI to net income (net of \$14 and \$8 tax benefit, respectively)	(21)	-	-	(21)	(13)	-	-	(13)
Net unrealized gains (losses) on interest rate cash flow hedges:								
Effective portion of net unrealized losses (net of \$13 and \$2 tax benefit, respectively)	(21)	-	-	(21)	(3)	-	-	(3)
Reclassification from AOCI to net income (net of \$6 and \$3 tax expense, respectively)	10	-	-	10	6	-	-	6
Net unrealized gains (losses) on foreign currency cash flow hedge:								
Effective portion of net unrealized losses (net of \$1 tax benefit)	(3)	-	-	(3)	-	-	-	-
Reclassification from AOCI to net income (net of \$1 tax expense)	2	-	-	2	-	-	-	-
Net unrealized gains (losses) on available for sale securities:								
Net unrealized gains on securities still held (net of \$16 and \$1 tax expense, respectively)	-	-	19	19	-	-	1	1
Reclassification from AOCI to net income (net of \$7 and \$2 tax benefit, respectively)	-	-	(9)	(9)	-	-	(3)	(3)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	-	-	-	-	(1)	-	(1)
Net unrealized losses on foreign currency translation (net of \$1 and \$1 tax benefit, respectively)	-	-	(1)	(1)	-	-	(3)	(3)
Balances at March 31	\$ 46	\$ (3)	\$ 114	\$ 157	\$ 85	\$ (26)	\$ 2	\$ 61

## Energy Marketing and Trading and Market Risk Sensitivity

**Energy Marketing and Trading** - Certain of FPL Group's subsidiaries, including FPL and NextEra Energy Resources, use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, FPL Group, through NextEra Energy Resources, uses derivatives to optimize the value of power generation assets. NextEra Energy Resources provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, 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, 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, and, 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 NextEra Energy Resources, 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 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, 2010 were as follows:

	Hedges on Owned Assets				FPL Group Total
	Trading	Non-Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
Fair value of contracts outstanding at December 31, 2009	\$ 39	\$ 126	\$ 131	\$ (64)	\$ 232
Reclassification to realized at settlement of contracts	25	(29)	(20)	45	21
Inception value of new contracts	(22)	-	-	-	(22)
Effective portion of changes in fair value recorded in OCI	-	-	19	-	19
Ineffective portion of changes in fair value recorded in earnings	-	1	-	-	1
Changes in fair value excluding reclassification to realized	21	317	-	(454)	(116)
Fair value of contracts outstanding at March 31, 2010	63	415	130	(473)	135
Net option premium payments (receipts)	(172)	16	-	-	(156)
Net margin cash collateral paid					93
Total mark-to-market energy contract net assets (liabilities) at March 31, 2010	<u>\$ (109)</u>	<u>\$ 431</u>	<u>\$ 130</u>	<u>\$ (473)</u>	<u>\$ 72</u>

FPL Group's total mark-to-market energy contract net assets (liabilities) at March 31, 2010 shown above are included in the condensed consolidated balance sheet as follows:

	March 31, 2010 (millions)
Current derivative assets	\$ 611
Noncurrent other assets	513
Current derivative liabilities	(721)
Noncurrent derivative liabilities	(331)
FPL Group's total mark-to-market energy contract net assets (liabilities)	<u>\$ 72</u>

The sources of fair value estimates and maturity of energy contract derivative instruments at March 31, 2010 were as follows:

	Maturity						Total
	2010	2011	2012	2013 (millions)	2014	Thereafter	
<b>Trading:</b>							
Quoted prices in active markets for identical assets	\$ (136)	\$ (4)	\$ (45)	\$ (30)	\$ -	\$ -	\$ (215)
Significant other observable inputs	(180)	(148)	(39)	15	(1)	-	(353)
Significant unobservable inputs	312	98	35	14	-	-	459
Total	<u>(4)</u>	<u>(54)</u>	<u>(49)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>(109)</u>
<b>Owned Assets - Non-Qualifying:</b>							
Quoted prices in active markets for identical assets	71	5	(8)	-	-	-	68
Significant other observable inputs	99	117	67	5	(2)	(2)	284
Significant unobservable inputs	14	31	22	7	2	3	79
Total	<u>184</u>	<u>153</u>	<u>81</u>	<u>12</u>	<u>-</u>	<u>1</u>	<u>431</u>
<b>Owned Assets - OCI:</b>							
Quoted prices in active markets for identical assets	20	30	14	-	-	-	64
Significant other observable inputs	62	11	(7)	-	-	-	66
Significant unobservable inputs	-	-	-	-	-	-	-
Total	<u>82</u>	<u>41</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130</u>
<b>Owned Assets - FPL Cost Recovery Clauses:</b>							
Quoted prices in active markets for identical assets	-	-	-	-	-	-	-
Significant other observable inputs	(421)	(61)	-	-	-	-	(482)
Significant unobservable inputs	5	3	1	-	-	-	9
Total	<u>(416)</u>	<u>(58)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473)</u>
Total sources of fair value	<u>\$ (154)</u>	<u>\$ 82</u>	<u>\$ 40</u>	<u>\$ 11</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ (21)</u>

The changes in the fair value of FPL Group's consolidated subsidiaries' energy contract derivative instruments for the three months ended March 31, 2009 were as follows:

	Trading	Hedges on Owned Assets			FPL Group Total
		Non-Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
Fair value of contracts outstanding at December 31, 2008	\$ 56	\$ 143	\$ 114	\$ (1,108)	\$ (795)
Reclassification to realized at settlement of contracts	5	(55)	(24)	309	235
Effective portion of changes in fair value recorded in OCI	-	-	152	-	152
Ineffective portion of changes in fair value recorded in earnings	-	10	-	-	10
Changes in fair value excluding reclassification to realized	44	96	-	(527)	(387)
Fair value of contracts outstanding at March 31, 2009	105	194	242	(1,326)	(785)
Net option premium payments (receipts)	(57)	18	-	-	(39)
Net margin cash collateral paid					166
Total mark-to-market energy contract net assets (liabilities) at March 31, 2009	\$ 48	\$ 212	\$ 242	\$ (1,326)	\$ (658)

**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, equity prices or currency exchange rates over the next year. FPL Group Capital entered into a cross currency basis swap to hedge against currency movements with respect to both interest and principal payments on a loan and a cross currency swap to hedge against currency and interest rate movements with respect to both interest and principal payments on a loan. At both March 31, 2010 and December 31, 2009, the fair value of these cross currency swaps was not material. 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 March 31, 2010 and December 31, 2009, the VaR figures were as follows:

	Trading			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses <sup>(a)</sup>			Total		
	FPL	NextEra Energy Resources	FPL Group	FPL	NextEra Energy Resources	FPL Group	FPL	NextEra Energy Resources	FPL Group
				(millions)					
December 31, 2009	\$ -	\$ 5	\$ 5	\$ 68	\$ 59	\$ 40	\$ 68	\$ 57	\$ 37
March 31, 2010	\$ -	\$ 5	\$ 5	\$ 41	\$ 34	\$ 23	\$ 41	\$ 38	\$ 24
Average for the three months ended March 31, 2010	\$ -	\$ 4	\$ 4	\$ 57	\$ 44	\$ 29	\$ 57	\$ 47	\$ 28

(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 special use funds and other investments. 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, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
<b>FPL Group:</b>				
Fixed income securities:				
Special use funds	\$ 1,683	\$ 1,683 <sup>(a)</sup>	\$ 1,685	\$ 1,685 <sup>(a)</sup>
Other investments	\$ 134	\$ 134 <sup>(a)</sup>	\$ 104	\$ 104 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 17,578	\$ 17,984 <sup>(b)</sup>	\$ 16,869	\$ 17,256 <sup>(b)</sup>
Interest rate swaps - net unrealized losses	\$ (34)	\$ (34) <sup>(c)</sup>	\$ (17)	\$ (17) <sup>(c)</sup>
<b>FPL:</b>				
Fixed income securities - special use funds	\$ 1,375	\$ 1,375 <sup>(a)</sup>	\$ 1,384	\$ 1,384 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 6,318	\$ 6,438 <sup>(b)</sup>	\$ 5,836	\$ 6,055 <sup>(b)</sup>

(a) Based on quoted market prices for these or similar issues.

(b) Based on market prices provided by external sources.

(c) Based on market prices modeled internally.

The special use funds of FPL Group and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of FPL Group's and FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities carried at their market value. 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, except for impairments deemed to be other than temporary which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2014 (2032 at FPL).

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 mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At March 31, 2010, the estimated fair values for FPL Group's interest rate swaps were as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
<b>Fair value hedge - FPL Group Capital:</b>					
\$ 300	June 2008	September 2011	Variable <sup>(a)</sup>	5.625%	\$ 14
<b>Cash flow hedges - NextEra Energy Resources:</b>					
\$ 48	December 2003	December 2017	4.245%	Variable <sup>(b)</sup>	(2)
\$ 16	April 2004	December 2017	3.845%	Variable <sup>(b)</sup>	(1)
\$ 169	December 2005	November 2019	4.905%	Variable <sup>(b)</sup>	(13)
\$ 409	January 2007	January 2022	5.390%	Variable <sup>(c)</sup>	(40)
\$ 110	January 2008	September 2011	3.2050%	Variable <sup>(b)</sup>	(3)
\$ 348	January 2009	December 2016	2.680%	Variable <sup>(b)</sup>	3
\$ 123	January 2009 <sup>(d)</sup>	December 2023	3.725%	Variable <sup>(b)</sup>	4
\$ 88	January 2009	December 2023	2.578%	Variable <sup>(e)</sup>	5
\$ 20	March 2009	December 2016	2.655%	Variable <sup>(b)</sup>	-
\$ 7	March 2009 <sup>(d)</sup>	December 2023	3.960%	Variable <sup>(b)</sup>	-
\$ 333	May 2009	May 2017	3.015%	Variable <sup>(b)</sup>	(1)
\$ 106	May 2009 <sup>(d)</sup>	May 2024	4.663%	Variable <sup>(b)</sup>	1
\$ 128	December 2009	December 2019	3.830%	Variable <sup>(b)</sup>	(1)
\$ 52	December 2009 <sup>(d)</sup>	September 2021	5.500%	Variable <sup>(b)</sup>	-
<b>Total cash flow hedges</b>					<b>(48)</b>
<b>Total interest rate swaps</b>					<b>\$ (34)</b>

(a) Three-month London InterBank Offered Rate (LIBOR) plus 1.18896%.

(b) Three-month LIBOR.

(c) Six-month LIBOR.

(d) Exchange of payments does not begin until December 2016, December 2016, May 2017 and December 2019, respectively.

(e) Three-month Banker's Acceptance Rate.

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 \$882 million (\$366 million for FPL) at March 31, 2010.

**Equity price risk** - Included in the nuclear decommissioning reserve funds of FPL Group are marketable equity securities carried at their market value of approximately \$1,776 million and \$1,705 million (\$1,060 million and \$1,024 million for FPL) at March 31, 2010 and December 31, 2009, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a \$164 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 March 31, 2010.

**Credit risk** - For all derivative and contractual transactions, FPL Group's energy marketing and trading operations, which include 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 margin 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, 2010, approximately 98% 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, 2010, 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 the Securities Exchange Act of 1934 (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.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

FPL Group and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal and regulatory proceedings that could have a material effect on FPL Group or FPL, see Item 3. Legal Proceedings and Note 14 - Legal Proceedings to Consolidated Financial Statements in the 2009 Form 10-K for FPL Group and FPL and Note 10 - Legal Proceedings and Regulatory Proceedings herein. Such descriptions are incorporated herein by reference.

### Item 1A. Risk Factors

The risk factors disclosed in FPL Group's and FPL's 2009 Form 10-K have been updated and restated in their entirety as follows:

*FPL Group's and FPL's results of operation may be adversely affected by the extensive regulation of their businesses.*

- The operations of FPL Group and FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, some but not all of which is more specifically identified in the following risk factors, regulates, among other things, FPL Group's and FPL's industry, rate and cost structure, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, decommissioning costs, transmission reliability and present or prospective wholesale and retail competition. In their business planning and in the management of their operations, FPL Group and FPL must address the effects of regulation on their businesses and proposed changes in the regulatory framework. Significant changes in the nature of the regulation of FPL Group's and FPL's businesses could require changes to their business planning and management of their businesses and could adversely affect their results of operations and the value of their assets. FPL Group and FPL must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective orders. Should FPL Group or FPL be unsuccessful in obtaining necessary licenses or permits or should these regulatory authorities initiate any investigations or enforcement actions or impose penalties or disallowances on FPL Group or FPL, FPL Group's and FPL's businesses could be adversely affected. FPL Group's and FPL's results of operations also could be affected by FPL's inability to negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.

*FPL Group's and FPL's financial performance could be negatively affected if FPL is unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from its customers through regulated rates and cost recovery clauses.*

- FPL is a regulated entity subject to the jurisdiction of the FPSC over a wide range of business activities, including, among other items, the retail rates charged to its customers, the terms and conditions of its services, procurement of electricity for its customers, issuance of securities, transfers of some utility assets and facilities to affiliates, and aspects of the siting and operation of its generating plants and transmission and distribution systems for the sale of electric energy. The FPSC also has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere, can restrict FPL's ability to grow earnings and does not provide any assurance as to achievement of authorized or other earnings levels. FPL Group's and FPL's financial condition and results of operations could be materially adversely affected if FPL is unable to recover through retail base rates and cost recovery clauses any material amount of its costs in a timely manner, a return on certain assets or an appropriate return on capital.
- Decisions of the FPSC have been and, in the future, may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere and may adversely affect the financial condition and results of operations of FPL Group and FPL. These decisions may require, for example, FPL to cancel or delay planned development activities and to reduce or delay other planned capital expenditures which could reduce the earnings potential of FPL Group and FPL.

*FPL Group and FPL are subject to federal regulatory compliance and proceedings which have significant compliance costs and expose them to substantial monetary penalties and other sanctions.*

- In addition to the regulatory risks that may affect FPL Group and FPL discussed above, the extensive federal regulation of the operations of FPL Group and FPL exposes the companies to significant and increasing compliance costs. FPL Group and FPL also are subject to costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties for non-compliance. As an example, under the Energy Policy Act of 2005, FPL and NextEra Energy Resources, as owners and operators of bulk power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject FPL Group and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NextEra Energy Resources is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions.

*FPL Group and FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.*

- From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting FPL Group and FPL. Adverse press coverage and other adverse statements may result in some type of investigation by regulators, legislators and law enforcement officials or in lawsuits. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of FPL Group's and FPL's senior management from their businesses. Addressing any adverse publicity, governmental scrutiny and legal and enforcement proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can also have a negative impact on the reputation of FPL Group and FPL and on the morale and performance of their employees, which could adversely affect their businesses and results of operations.

*FPL Group's and FPL's businesses are subject to risks associated with legislative and regulatory initiatives.*

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives, including, for example, initiatives regarding regulation, deregulation or restructuring of the energy industry and regulation of the commodities trading markets. FPL Group and its subsidiaries will need to adapt to any changes and may face increasing costs and competitive pressures in doing so. NextEra Energy Resources produces the majority of its electricity from clean and renewable fuels, such as nuclear, natural gas, and wind, operates in the competitive segment of the electric industry, has targeted the competitive segments of the electric industry for future growth and relies on the efficient operation of the commodities trading markets. FPL Group's results of operations and growth prospects could be adversely affected as a result of future legislation or regulatory initiatives, including, but not limited to, those that reverse or restrict the competitive restructuring of the energy industry or the effective operation of the commodities trading markets.

*FPL Group and FPL are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.*

- FPL Group and FPL are subject to extensive federal, state, and local environmental statutes, rules, and regulations relating to air quality, water quality, climate change, greenhouse gas (GHG), including, but not limited to, carbon dioxide (CO<sub>2</sub>) emissions, waste management, hazardous wastes, marine and wildlife mortality, natural resources, health, safety and RPS that could, among other things, restrict the output of some existing facilities, limit the use of some fuels required for the production of electricity, 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 as a result of new legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. Violations of certain of these statutes, rules and regulations could expose FPL Group and FPL to third party disputes and potentially significant monetary and criminal penalties, as well as other sanctions for non-compliance.

*FPL Group's and FPL's businesses could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of GHG emissions.*

- Federal or state laws or regulations may be adopted that would impose new or additional limits on GHG, including, but not limited to, CO<sub>2</sub> and methane, from electric generating units storing and combusting fossil fuels like coal and natural gas. The potential effects of such GHG emission limits on FPL Group's and FPL's electric generating units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of GHG emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives. While FPL Group's and FPL's electric generating units emit GHGs at a lower rate of emissions than most of the U.S. electric generation sector, the results of operations of FPL Group and FPL could be adversely affected to the extent that any new GHG emission limits, among other potential impacts:

- create substantial additional costs in the form of taxes or emission allowances;
- make some of FPL Group's and FPL's electric generating units uneconomical to operate in the long term;
- require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or
- affect the availability or cost of fossil fuels.

*The operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear units owned by FPL or NextEra Energy Resources and in increased costs and capital expenditures.*

- FPL and NextEra Energy Resources own, or hold undivided interests in, eight nuclear generation units in four states. The operation and maintenance of the facilities involve inherent risks, including, but not limited to, the following:
  - The nuclear generation facilities are subject to environmental, health and financial risks, such as risks relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, emissions of tritium and other radioactive elements in the event of a nuclear accident or failure or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. Although FPL and NextEra Energy Resources maintain decommissioning funds and external insurance coverage which are intended to minimize the financial exposure to some of these risks, the cost of decommissioning the facilities could exceed the amount available in the decommissioning funds, and the liability and property damages could exceed the amount of insurance coverage. In the event of an incident at any nuclear reactor in the United States, FPL and NextEra Energy Resources could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.
  - The NRC has broad authority to impose licensing and safety-related requirements for the construction, operation and maintenance of nuclear generation facilities. In the event of non-compliance, the NRC has the authority to impose fines or shut down a nuclear unit, or to take both of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require FPL and NextEra Energy Resources to incur substantial operating and capital expenditures at their nuclear generation facilities. In addition, any serious nuclear incident occurring at an FPL or NextEra Energy Resources plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit. An incident at a nuclear facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, which could increase costs and result in additional capital expenditures.
  - The operating licenses for FPL's and NextEra Energy Resources' nuclear generation facilities, other than Duane Arnold, extend through at least 2030. In 2008, NextEra Energy Resources applied to extend Duane Arnold's operating license for an additional 20 years beyond its current expiration date of 2014. If the NRC does not renew the operating license for Duane Arnold or any of FPL's or NextEra Energy Resources' nuclear generation units cannot be operated through the end of their respective operating licenses, FPL Group's or FPL's results of operations could be adversely affected by increased depreciation rates, impairment charges and accelerated future decommissioning costs.
  - Terrorist threats and increased public scrutiny of nuclear generation facilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

*FPL Group's and FPL's operating results could suffer if they do not proceed with projects under development or are unable to complete the construction of, and capital improvements to, generation, transmission, distribution and other facilities on schedule and within budget.*

- FPL Group and FPL may incur significant costs for development of projects, including, but not limited to, preliminary engineering, permitting, legal, and other expenses before it can be established whether a project is feasible, economically attractive, or capable of being financed. The ability of FPL Group and FPL to complete construction of, and capital improvement projects for, their generation, transmission, distribution and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, delays in obtaining permits and other approvals, disputes involving third parties, negative publicity, transmission interconnection issues and other factors or failures. If any development project or construction or capital improvement project is not completed or is delayed or subject to cost overruns, FPL Group's and FPL's operational and financial results may be adversely affected. In any such event, among other matters, FPL Group and FPL could be subject to additional costs, which may not be recoverable at FPL from ratepayers, termination payments under committed contracts, loss of tax credits or the write-off of their investment in the project.

*The operation and maintenance of power generation, transmission and distribution 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, transmission and distribution facilities involve many risks, such as those identified elsewhere in these risk factors and those arising due to:
  - risks of start-up operations;
  - failures in the supply, availability or transportation of fuel;
  - the impact of unusual or adverse weather conditions, including, but not limited to, natural disasters such as hurricanes, floods, earthquakes and droughts;
  - performance below expected or contracted levels of output or efficiency;
  - breakdown or failure of equipment, transmission and distribution lines or pipelines;
  - availability of replacement equipment;
  - risks of human injury from energized equipment;
  - availability of adequate water resources and ability to satisfy water discharge requirements;
  - inability to properly manage or mitigate known equipment defects throughout FPL Group's and FPL's generation fleets and transmission and distribution systems;
  - use of new or unproven technology; and
  - dependence on a specific fuel source.

The occurrence of any of these effects or events could result in, among other matters, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines, replacement equipment costs or an obligation to purchase or generate replacement power 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. Breakdown or failure of an operating facility of NextEra Energy Resources, for example, may prevent NextEra Energy Resources from performing under applicable power sales agreements which, in some situations, could result in termination of the agreement or subject NextEra Energy Resources to liability for liquidated damages.

*FPL Group's competitive energy business is subject to development and operating risks that could limit the revenue growth of this business and have other negative effects on FPL Group's results of operations and financial condition.*

- FPL Group conducts its competitive energy business through NextEra Energy Resources. To operate successfully in the competitive wholesale energy markets, NextEra Energy Resources must, among other things, efficiently develop and operate its generating assets, procure adequate supplies of fuel and associated transportation at acceptable prices, successfully and timely complete project restructuring activities, maintain the qualifying facility status of certain projects and complete its energy deliveries in a timely manner. Its ability to do so is subject to a variety of risks. In addition to risks such as those identified elsewhere in these risk factors, risks that specifically affect NextEra Energy Resources' success in competitive wholesale markets include:

- The ability of NextEra Energy Resources to develop electric power generation facilities may be affected by factors beyond its control, such as increased competition from other and new sources of power generation, excess generation capacity and shifting demand for power, legal and regulatory developments and general economic conditions. Risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project agreements may impede development activities.
- There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NextEra Energy Resources' inability or failure to hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures could significantly impair FPL Group's results of operations.
- A portion of NextEra Energy Resources' 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 increase the volatility of FPL Group's results of operations.
- NextEra Energy Resources depends upon power transmission and natural gas transportation facilities owned and operated by others. If transmission or transportation of sufficient power or natural gas is unavailable or disrupted, NextEra Energy Resources' ability to sell and deliver its wholesale power or natural gas may be limited.

*FPL Group's competitive energy business is dependent on continued public policy support and governmental support for renewable energy, particularly wind and solar projects.*

- FPL Group's competitive energy business, NextEra Energy Resources, depends heavily on government policies that support renewable energy and enhance the economic feasibility of developing wind and solar energy projects. The federal government and several of the states in which NextEra Energy Resources operates or into which it sells power provide incentives that support the sale of energy from renewable sources, such as wind and solar energy.
- The Recovery Act includes, among other things, provisions that allow companies building wind facilities the option to choose among the following three investment cost recovery mechanisms: (1) PTCs which were extended for wind facilities through 2012, (2) ITCs of 30% of the cost for qualifying wind facilities placed in service prior to 2013, or (3) an election to receive a cash grant of 30% of the cost of qualifying wind facilities placed in service in 2009 or 2010, or if construction began prior to December 31, 2010 and the wind facility is placed in service prior to 2013. An election to receive a cash grant of 30%, in lieu of the 30% ITC also applies to the cost of qualifying solar facilities placed in service in either 2009 or 2010, or if construction began prior to December 31, 2010 and the solar facility is placed in service prior to 2017. In order for NextEra Energy Resources to continue to economically develop wind and solar energy projects in the future, it will need to utilize the investment cost recovery mechanisms currently available as well as requiring similar public policy support in the future.
- In addition to federal financial incentives, NextEra Energy Resources relies on state incentives that support the sale of energy generated from renewable sources, such as state-adopted RPS which require electricity providers in the state to meet a certain percentage of their retail sales with energy from renewable sources. The legislation creating these RPS requirements, however, usually grants the relevant state public utility commission the ability to reduce electric supply companies' obligations to meet the RPS requirements in specified circumstances. Any reduction or elimination of the RPS requirements could result in less demand for generation from NextEra Energy Resources' wind and solar energy projects.

*FPL Group and FPL are subject to credit and performance risk from customers and suppliers.*

- FPL Group and FPL are exposed to risks associated with the creditworthiness and performance of their key customers and of their key vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers and vendors, may affect the ability of some customers and vendors to perform as required under their contracts. If any vendor fails to fulfill its contractual obligations, FPL Group and FPL may need to make arrangements with other suppliers, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If the defaulting counterparty is in poor financial condition, FPL Group and FPL may not be able to recover damages for any contract breach.

*FPL Group's and FPL's results of operations may continue to be negatively affected by slower customer growth and customer usage in FPL's service area.*

- FPL Group's and FPL's results of operations are affected by the growth in customer accounts in FPL's service area and by customer usage, each of which directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL. A lack of growth or slower growth in the number of FPL's retail customers or in non-weather related customer usage, such as that which has occurred over the past several years, could adversely affect FPL's results of operations. Customer growth and customer usage are affected by a number of factors outside the control of FPL Group and FPL, such as mandated energy efficiency measures, demand side management goals, and economic and demographic conditions in Florida and elsewhere such as population, job and income growth, housing starts and new business formation. As a result, FPL Group and FPL may make, but not fully realize the anticipated benefits from, significant investments and expenditures, which could adversely affect their results of operations.

*FPL Group's and FPL's financial position and results of operations are subject to risks associated with weather conditions, such as the impact of severe weather.*

- FPL Group's and FPL's results of operations can be negatively affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities, including, but not limited to, wind, solar and hydro-powered facilities. For example, the level of wind resource affects the results of operations of wind generating facilities. Since the levels of wind, solar and hydro resources are variable and difficult to predict, FPL Group's results of operations for individual wind, solar and hydro facilities vary or may vary significantly from period to period depending on the level of available resources. To the extent that resources are not available at planned levels, the returns from these facilities may be less than expected.
- In addition, FPL Group's and FPL's financial position and results of operations would be affected by the impact of severe weather, such as hurricanes, floods and earthquakes, which can be destructive and cause power outages and property damage, affect fuel supply, and require FPL Group and FPL to incur additional costs to restore service and repair damaged facilities. A disruption or failure of electric generation, transmission or distribution systems or natural gas transmission, storage or distribution systems in the event of a hurricane, tornado, or other severe weather event could prevent FPL and NextEra Energy Resources from operating their businesses in the normal course. At FPL, recovery of these costs to restore service and repair damaged facilities is subject to FPSC approval, and any determination by the FPSC not to permit timely and full recovery of the costs incurred would result in a negative financial impact on FPL Group and FPL.

*Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect FPL Group's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely impact the results of operations and financial condition of FPL Group and FPL and exert downward pressure on the market price of FPL Group's common stock.*

- FPL Group and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those credit and capital markets, such as conditions existing during periods in 2008 and 2009, could increase FPL Group's and FPL's cost of capital. If FPL Group and FPL are unable to access regularly the credit and capital markets on terms that are reasonable, they may have to delay raising capital, issue shorter-term securities and/or incur an unfavorable cost of capital, which, in turn, could adversely affect their ability to grow their businesses and could contribute to lower earnings and reduced financial flexibility. The market price and trading volume of FPL Group's common stock are subject to fluctuations as a result of, among other factors, general stock market conditions and changes in market sentiment regarding the operations, business, growth prospects and financing strategies of FPL Group and its subsidiaries.

*FPL Group's, FPL Group Capital's and FPL's inability to maintain their current credit ratings may adversely affect FPL Group's and FPL's liquidity, limit the ability of FPL Group and FPL to grow their businesses, and increase interest costs, while the liquidity of the companies also could be impaired by the inability of their credit providers to maintain their current credit ratings or to fund their credit commitments.*

- The inability of FPL Group, FPL Group Capital and FPL to maintain their current credit ratings could affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact FPL Group's and FPL's ability to grow their businesses, service indebtedness or repay borrowings, and would likely increase their interest costs. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory actions. FPL Group, FPL Group Capital and FPL cannot assure that one or more of their ratings will not be lowered or withdrawn entirely by a rating agency.
- The inability of FPL Group's, FPL Group Capital's and FPL's credit providers to maintain credit ratings acceptable under various agreements, or to fund their credit commitments, could require FPL Group, FPL Group Capital or FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral.

*The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect their results of operations or cash flows.*

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter markets or on exchanges, to manage their commodity and financial market risks, and for FPL Group to engage in trading and marketing activities. FPL Group could recognize financial losses as a result of volatility in the market values of these derivative instruments, or if a counterparty fails to perform or make payments under these derivative instruments, and could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. 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. Although FPL Group and FPL execute transactions in derivative instruments on either recognized exchanges or via the over-the-counter markets, depending on the most favorable credit and market execution factors, there is greater volatility and less liquidity in transactions executed in over-the-counter markets and, as a result, FPL Group and FPL may not be able to execute such transactions in times of market volatility. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.
- FPL Group provides full energy and capacity requirement services, which include, for example, load-following services and various ancillary services, primarily to distribution utilities to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after FPL Group has committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. If the supply costs are not favorable, FPL Group's operating costs could increase and result in the possibility of reduced earnings or incurring losses.
- FPL Group, through NextEra Energy Resources, is an active participant in energy markets. The liquidity of regional energy markets is an important factor in the company's ability to manage risks in these operations. Over the past several years, other market participants have ended or significantly reduced their activities as a result of several factors, including, but not limited to, government investigations, changes in market design, and deteriorating credit quality. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit, and other factors. As a result, reductions in liquidity may restrict the ability of NextEra Energy Resources to manage its risks, and this could negatively affect FPL Group's financial results.
- FPL Group and FPL have hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms, that may not work as planned. Risk management tools and metrics such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines are based on historical price movements. If price movements significantly or persistently deviate from historical behavior, the risk management tools may not protect against significant losses. As a result of these and other factors, FPL Group and FPL cannot predict with precision the impact that risk management decisions may have on their financial results.

*FPL Group's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.*

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry in general. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

*FPL Group may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to FPL Group or if FPL Group is required to perform under guarantees of obligations of its subsidiaries.*

- FPL Group is a holding company and, as such, has no material operations of its own. Substantially all of FPL Group's consolidated assets are held by subsidiaries. FPL Group's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on the subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds. The subsidiaries have financial obligations, including, but not limited to, payment of debt service, which they must satisfy before they can fund FPL Group. FPL Group's subsidiaries are separate legal entities and have no obligation to provide FPL Group with funds for its payment obligations. In addition, the dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements and which may be included in future financing agreements. The future enactment of laws or regulations also may prohibit or restrict the ability of FPL Group's subsidiaries to pay upstream dividends or to repay funds. FPL Group guarantees many of the obligations of its consolidated subsidiaries, other than FPL, through guarantee agreements with FPL Group Capital. These guarantees may require FPL Group to provide substantial funds to its subsidiaries or their creditors or counterparties at a time when FPL Group is in need of liquidity to fund its own obligations or to pay dividends. In addition, in the event of a subsidiary's liquidation or reorganization, FPL Group's right to participate in a distribution of assets is subject to the prior claims of the subsidiary's creditors.

*Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect FPL Group's and FPL's results of operations, financial condition and liquidity.*

- FPL Group's and FPL's provision for income taxes and reporting of tax-related assets and liabilities requires significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, financial condition and results of operations of FPL Group and its subsidiaries, including FPL, as well as the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities which could impact, either positively or negatively, FPL Group's and FPL's results of operations, financial condition and liquidity.

*FPL Group's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the results of operations of the retail business.*

- FPL Group's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. FPL Group's and FPL's retail business may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail business. If a significant breach occurred, the reputation of FPL Group's and FPL's retail business could be adversely affected, customer confidence could be diminished, customer information could be used for identity theft purposes, or FPL Group's and FPL's retail business could be subject to legal claims, any of which may have a negative impact on the business and/or results of operations.

*A failure in FPL Group's and FPL's operational systems or infrastructure, or those of third parties, could impair their liquidity, disrupt their businesses, result in the disclosure of confidential information and cause losses.*

- FPL Group's and FPL's businesses are highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, and cross numerous and diverse markets. Due to the size, scope and geographical reach of FPL Group's and FPL's businesses, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of FPL Group's and FPL's operational systems and infrastructure is challenging. FPL Group and FPL's operating systems and facilities may fail to operate properly or become disabled as a result of events that are within their control, such as operator error, and that are wholly or partially outside of their control, such as a result of severe weather or terrorist activities. Any such failure or disabling event could adversely affect FPL Group's and FPL's ability to process transactions and provide services.
- FPL Group and FPL also face the risks of operational failure, termination, or capacity constraints of third parties providing electric and gas transmission services, particularly those at NextEra Energy Resources.

*Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt FPL Group's and FPL's businesses may impact the operations of FPL Group and FPL in unpredictable ways and could adversely affect FPL Group's and FPL's results of operations, financial condition and liquidity.*

- FPL Group and FPL are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. FPL Group's and FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems and physical assets, could be direct targets of, or indirectly affected by, such activities. Terrorist acts or other similar events could harm FPL Group's and FPL's businesses by limiting their ability to generate, purchase or transmit power and by delaying their development and construction of new generating facilities and capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues and significant additional costs to repair and insure FPL Group's and FPL's assets, and could adversely affect FPL Group's and FPL's operations by contributing to disruption of supplies and markets for natural gas, oil and other fuels. They could also impair FPL Group's and FPL's ability to raise capital by contributing to financial instability and lower economic activity.
- FPL Group and FPL operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. Despite FPL Group's and FPL's implementation of security measures, all of their technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If FPL Group's or FPL's technology systems were to fail or be breached and be unable to recover in a timely way, FPL Group and FPL would be unable to fulfill critical business functions, and sensitive confidential and other data could be compromised, which could have a material adverse effect on FPL Group's and FPL's results of operations, financial condition and liquidity.
- The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect FPL Group's and FPL's results of operations, financial condition and liquidity. In addition, these types of events could require significant management attention and resources, and could adversely affect FPL Group's and FPL's reputation among customers and the public.

*The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. FPL Group's and FPL's insurance coverage may not provide protection against all significant losses.*

- The ability of FPL Group and FPL to obtain insurance, as well as the cost and coverage of such insurance, could be affected by developments affecting their businesses, as well as by international, national, state or local events, as well as the financial condition of insurers. Insurance coverage may not continue to be available at all or at rates or on terms similar to those presently available to FPL Group and FPL. A loss for which FPL Group and FPL are not fully insured could materially and adversely affect their financial condition and results of operations. FPL Group's and FPL's insurance may not be sufficient or effective under all circumstances and against all hazards or liabilities to which the companies may be subject.

*The businesses and results of operations of FPL Group and FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.*

- FPL Group and FPL may not be able effectively and profitably to obtain new customers, or grow their customer base, service existing customers and meet their other business plan goals if they do not attract and retain a qualified workforce. The lack of a qualified workforce, including, for example, the loss or retirement of key executives and other employees, may adversely affect service and productivity and contribute to higher training and safety costs. Over the next several years, a significant portion of FPL Group's and FPL's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. Personnel costs also may increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. Employee strikes or work stoppages could disrupt operations and lead to a loss of customers and revenue.

Poor market performance and other economic factors could affect FPL Group's and FPL's nuclear decommissioning funds' asset value or defined benefit pension plan's funded status, which may adversely affect FPL Group's and FPL's liquidity and financial results.

- FPL Group and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. In addition, FPL Group sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of FPL Group and its subsidiaries. A decline in the market value of the assets held in the decommissioning funds or in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for these obligations. Moreover, FPL Group's and FPL's defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have an adverse effect on FPL Group's and FPL's liquidity and financial results.

Increasing costs associated with health care plans may adversely affect FPL Group's and FPL's results of operations, financial position and liquidity.

- The costs of providing health care benefits to employees and retirees have increased substantially in recent years. FPL Group and FPL believe that their employee benefit costs, including costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with FPL Group's and FPL's health care plans may adversely affect the companies' results of operations, financial position and liquidity.

The factors discussed above, as well as other information set forth in this report, which could materially adversely affect FPL Group's and FPL's businesses, financial condition and/or future operating results should be carefully considered. The risks described above are not the only risks facing FPL Group and FPL. Additional risks and uncertainties also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Information regarding purchases made by FPL Group of its common stock is as follows:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid Per Share <sup>(a)</sup>	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program <sup>(b)</sup>
1/01/10 - 1/31/10	-	\$ -	-	20,000,000
2/01/10 - 2/28/10	94,190	\$ 45.78	-	20,000,000
3/01/10 - 3/31/10	565	\$ 47.93	-	20,000,000
Total	<u>94,755</u>	<u>\$ 45.79</u>	<u>-</u>	

(a) Represents: (1) shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan (LTIP); and (2) shares of common stock purchased in February and March 2010 as a reinvestment of dividends and, as to the shares purchased in February 2010 only, interest thereon by the trustee of a grantor trust in connection with FPL Group's obligations under a grant of deferred retirement shares awarded in February 2006 under the LTIP to an executive officer.

(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 - Other FPL Group Operations - Lone Star Transmission in the 2009 Form 10-K for FPL Group and FPL.

In March 2010, the Public Service Commission of Texas (PUCT) issued a revised Transmission Service Provider (TSP) Order which reaffirmed Lone Star Transmission, LLC's (Lone Star) transmission project awarded under the Competitive Renewable Energy Zone (CREZ) program. Lone Star intends to file a certificate of convenience and need with the PUCT in May 2010, which will begin the process of establishing Lone Star as a regulated transmission provider in Texas and obtaining approval to construct and operate approximately 300 miles of 345 kilovolt lines at an estimated cost of approximately \$800 million. The Lone Star CREZ transmission project is subject to, among other things, appeal of the revised TSP order, as well as receipt and possible petition for reconsideration and appeal, of all applicable ERCOT and PUCT approvals. Once all required approvals are obtained, Lone Star expects to commence construction on its CREZ transmission project. Due to the contingencies discussed above, the estimated costs associated with this project are not included in the capital expenditures table in Note 10 - Commitments.

- (ii) Reference is made to Item 1. Business - Environmental Matters - Climate Change in the 2009 Form 10-K for FPL Group and FPL.

In April 2010, the EPA and the U.S. Department of Transportation issued a final rule under the Clean Air Act to regulate GHG emissions from light duty vehicles. The final light duty vehicle rule will apply to new passenger vehicles effective January 2011 which will then trigger certain permitting requirements under the Clean Air Act for any new or modified stationary sources of GHG, including power plants, that exceed certain GHG emissions levels. The EPA is expected to release the final rule in May 2010 to tailor requirements for GHG emissions which would increase applicability thresholds for major sources.

## Item 6. Exhibits

Exhibit Number	Description	FPL Group	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and fifteen 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; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated October 10, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; and Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612)	x	x
*10(a)	Appendix A1 and A2 (revised as of January 1, 2010) to the Restated SERP (filed as Exhibit 10(e) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(b)	Supplement to the SERP effective December 14, 2007 as it applies to Manoochehr K. Nazar (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(c)	Form of FPL Group Amended and Restated Long Term Incentive Plan Performance Share Award Agreement effective February 12, 2010 (filed as Exhibit 10(q) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x

Exhibit Number	Description	FPL Group	FPL
*10(d)	Form of FPL Group Amended and Restated Long Term Incentive Plan Restricted Stock Award Agreement effective February 12, 2010 (filed as Exhibit 10(w) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(e)	Form of FPL Group Amended and Restated Long Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 12, 2010 (filed as Exhibit 10(bb) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(f)	Form of FPL Group Amended and Restated Long Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group and each of Moray P. Dewhurst and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(g)	FPL Group Non-Employee Director Compensation Summary effective January 1, 2010 (filed as Exhibit 10(ll) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	
*10(h)	Executive Retention Employment Agreement between FPL Group and Manoochehr K. Nazar dated as of January 1, 2010 (filed as Exhibit 10(rr) to Form 10-K for the year ended December 31, 2009, 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
101.INS	XBRL Instance Document of FPL Group	x	
101.SCH	XBRL Schema Document	x	
101.PRE	XBRL Presentation Linkbase Document	x	
101.CAL	XBRL Calculation Linkbase Document	x	
101.LAB	XBRL Label Linkbase Document	x	

FPL Group and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that FPL Group and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

## **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: April 30, 2010

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### **CHRIS N. FROGGATT**

Chris N. Froggatt  
Vice President, Controller and Chief Accounting Officer of  
FPL Group, Inc.  
(Principal Accounting Officer of FPL Group, Inc.)

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### **KIMBERLY OUSDAHL**

Kimberly Ousdahl  
Vice President, Controller and Chief Accounting Officer of  
Florida Power & Light Company  
(Principal Accounting Officer of  
Florida Power & Light Company)

**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<sup>(a)</sup>**

	Three Months Ended March 31, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 556
Income taxes	214
Fixed charges included in the determination of net income, as below	248
Amortization of capitalized interest	5
Less: Equity in earnings of equity method investees	7
Total earnings, as defined	<u>\$ 1,016</u>
Fixed charges, as defined:	
Interest expense	\$ 238
Rental interest factor	7
Allowance for borrowed funds used during construction	3
Fixed charges included in the determination of net income	248
Capitalized interest	13
Total fixed charges, as defined	<u>\$ 261</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>3.89</u>

(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<sup>(a)</sup>**

	Three Months Ended March 31, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 191
Income taxes	121
Fixed charges included in the determination of net income, as below	<u>92</u>
Total earnings, as defined	<u>\$ 404</u>
Fixed charges, as defined:	
Interest expense	\$ 87
Rental interest factor	2
Allowance for borrowed funds used during construction	<u>3</u>
Fixed charges included in the determination of net income	<u>92</u>
Capitalized interest	1
Total fixed charges, as defined	<u>\$ 93</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>4.34</u>

(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, 2010 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: April 30, 2010

**LEWIS HAY, III**  
\_\_\_\_\_  
Lewis Hay, III  
Chairman and Chief Executive Officer  
of FPL Group, Inc.

**Exhibit 31(b)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2010 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: April 30, 2010

**ARMANDO PIMENTEL, JR.**

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Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer  
of FPL Group, Inc.

**Exhibit 31(c)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando J. Olivera, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2010 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: April 30, 2010

**ARMANDO J. OLIVERA**  
\_\_\_\_\_  
Armando J. Olivera  
President and Chief Executive Officer  
of Florida Power & Light Company

**Exhibit 31(d)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended March 31, 2010 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: April 30, 2010

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer of  
Florida Power & Light Company

**Exhibit 32(a)**

**Section 1350 Certification**

We, Lewis Hay, III and Armando Pimentel, Jr., 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, 2010 (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: April 30, 2010

**LEWIS HAY, III**

---

Lewis Hay, III  
Chairman and Chief Executive Officer  
of FPL Group, Inc.

**ARMANDO PIMENTEL, JR.**

---

Armando Pimentel, Jr.  
Executive 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).

## **Section 1350 Certification**

We, Armando J. Olivera and Armando Pimentel, Jr., 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, 2010 (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: April 30, 2010

**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer of  
Florida Power & Light Company

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive 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 3(e)

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

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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, 2010**

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	<b>NEXTERA ENERGY, INC.</b> <b>FLORIDA POWER &amp; LIGHT COMPANY</b> 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-2449419
2-27612		59-0247775

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.

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☐ No ☒

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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 ☒

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: common stock, \$0.01 par value, outstanding as of June 30, 2010: 415,841,893 shares.

As of June 30, 2010, 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 NextEra Energy, Inc.

This combined Form 10-Q represents separate filings by NextEra Energy, 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 NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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NextEra Energy, Inc. (formerly known as FPL Group, Inc.), Florida Power & Light Company, FPL Group Capital Inc and NextEra Energy Resources, LLC each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NextEra Energy, FPL, FPL Group Capital and NextEra Energy Resources 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, strategies, future events or performance (often, but not always, through the use of words or phrases such as will, will likely result, are expected to, will continue, is anticipated, aim, believe, could, should, would, estimated, may, plan, potential, projection, target, outlook, predict and intend or words of similar meaning) 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 NextEra Energy, Inc.'s (NextEra Energy) and/or Florida Power & Light Company's (FPL) operations and financial results, and could cause NextEra Energy's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NextEra Energy and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

- NextEra Energy's and FPL's results of operations may be adversely affected by the extensive regulation of their businesses.
- NextEra Energy's and FPL's financial performance could be negatively affected if FPL is unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from its customers through regulated rates and cost recovery clauses.
- NextEra Energy and FPL are subject to federal regulatory compliance and proceedings which have significant compliance costs and expose them to substantial monetary penalties and other sanctions.
- NextEra Energy and FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.
- NextEra Energy's and FPL's businesses are subject to risks associated with legislative and regulatory initiatives.
- NextEra Energy and FPL are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.
- NextEra Energy's and FPL's businesses could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions.

- The operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear units owned by FPL or NextEra Energy Resources, LLC (NextEra Energy Resources) and in increased costs and capital expenditures.
- NextEra Energy's and FPL's operating results could suffer if they do not proceed with projects under development or are unable to complete the construction of, and capital improvements to, generation, transmission, distribution and other facilities on schedule and within budget.
- The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of NextEra Energy and FPL.
- NextEra Energy's competitive energy business is subject to development and operating risks that could limit the revenue growth of this business and have other negative effects on NextEra Energy's results of operations and financial condition.
- NextEra Energy's competitive energy business is dependent on continued public policy support and governmental support for renewable energy, particularly wind and solar projects.
- NextEra Energy and FPL are subject to credit and performance risk from customers and suppliers.
- NextEra Energy's and FPL's results of operations may continue to be negatively affected by slower customer growth and customer usage in FPL's service area.
- NextEra Energy's and FPL's financial position and results of operations are subject to risks associated with weather conditions, such as the impact of severe weather.
- Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NextEra Energy's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely impact the results of operations and financial condition of NextEra Energy and FPL and exert downward pressure on the market price of NextEra Energy's common stock.
- NextEra Energy's, FPL Group Capital Inc's (FPL Group Capital) and FPL's inability to maintain their current credit ratings may adversely affect NextEra Energy's and FPL's liquidity, limit the ability of NextEra Energy and FPL to grow their businesses, and increase interest costs, while the liquidity of the companies also could be impaired by the inability of their credit providers to maintain their current credit ratings or to fund their credit commitments.
- The use of derivative contracts by NextEra Energy and FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect their results of operations or cash flows.
- NextEra Energy's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.
- NextEra Energy may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NextEra Energy or if NextEra Energy is required to perform under guarantees of obligations of its subsidiaries.
- Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect NextEra Energy's and FPL's results of operations, financial condition and liquidity.
- NextEra Energy's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the results of operations of the retail business.
- A failure in NextEra Energy's and FPL's operational systems or infrastructure, or those of third parties, could impair their liquidity, disrupt their businesses, result in the disclosure of confidential information and cause losses.
- Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NextEra Energy's and FPL's businesses may impact the operations of NextEra Energy and FPL in unpredictable ways and could adversely affect NextEra Energy's and FPL's results of operations, financial condition and liquidity.
- The ability of NextEra Energy and FPL to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NextEra Energy's and FPL's insurance coverage may not provide protection against all significant losses.
- The businesses and results of operations of NextEra Energy and FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.

- Poor market performance and other economic factors could affect NextEra Energy's and FPL's nuclear decommissioning funds' asset value or defined benefit pension plan's funded status, which may adversely affect NextEra Energy's and FPL's liquidity and financial results.
- Increasing costs associated with health care plans may adversely affect NextEra Energy's and FPL's results of operations, financial position and liquidity.

These and other risk factors are included in Part II, Item 1A. Risk Factors in NextEra Energy's and FPL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (March 2010 Form 10-Q) and investors should refer to those sections of the March 2010 Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and NextEra Energy 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, unless otherwise required by law. 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 or implied in any forward-looking statement.

**Website Access to U.S. Securities and Exchange Commission (SEC) Filings.** NextEra Energy and FPL make their SEC filings, including the 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 NextEra Energy's internet website, [www.nexteraenergy.com](http://www.nexteraenergy.com), as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on NextEra Energy's website (or any of its subsidiaries' websites) is not incorporated by reference in this combined Form 10-Q. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information about NextEra Energy and FPL filed electronically with the SEC.

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

#### NEXTERA ENERGY, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (millions, except per share amounts) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OPERATING REVENUES	\$ 3,591	\$ 3,811	\$ 7,213	\$ 7,515
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,455	1,797	2,804	3,609
Other operations and maintenance	752	672	1,411	1,291
Depreciation and amortization	386	435	800	844
Taxes other than income taxes and other	289	302	550	583
Total operating expenses	2,882	3,206	5,565	6,327
OPERATING INCOME	709	605	1,648	1,188
OTHER INCOME (DEDUCTIONS)				
Interest expense	(247)	(215)	(485)	(426)
Equity in earnings of equity method investees	15	13	23	20
Allowance for equity funds used during construction	9	15	15	31
Interest income	28	17	47	43
Gains on disposal of assets - net	9	5	48	12
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(13)	(1)	(15)	(54)
Other - net	(16)	2	(17)	10
Total other deductions - net	(215)	(164)	(384)	(364)
INCOME BEFORE INCOME TAXES	494	441	1,264	824
INCOME TAXES	77	71	291	90
NET INCOME	\$ 417	\$ 370	\$ 973	\$ 734
Earnings per share of common stock:				
Basic	\$ 1.02	\$ 0.92	\$ 2.38	\$ 1.82
Assuming dilution	\$ 1.01	\$ 0.91	\$ 2.37	\$ 1.81
Dividends per share of common stock	\$ 0.50	\$ 0.4725	\$ 1.00	\$ 0.9450
Weighted-average number of common shares outstanding:				
Basic	408.9	403.7	408.2	403.0
Assuming dilution	411.4	406.4	410.7	405.6

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 NextEra Energy's and FPL's Annual Report on Form 10-K for the year ended December 31, 2009 (2009 Form 10-K).

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	June 30, 2010	December 31, 2009
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric utility plant in service and other property	\$ 47,159	\$ 46,330
Nuclear fuel	1,441	1,414
Construction work in progress	3,580	2,425
Less accumulated depreciation and amortization	(14,602)	(14,091)
Total property, plant and equipment - net (\$1,480 related to VIEs at June 30, 2010)	<u>37,578</u>	<u>36,078</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	829	238
Customer receivables, net of allowances of \$17 and \$23, respectively	1,485	1,431
Other receivables, net of allowances of \$1 and \$1, respectively	540	816
Materials, supplies and fossil fuel inventory	826	877
Regulatory assets:		
Deferred clause and franchise expenses	106	69
Securitized storm-recovery costs	72	69
Derivatives	245	68
Other	4	3
Derivatives	470	357
Other	722	409
Total current assets	<u>5,299</u>	<u>4,337</u>
<b>OTHER ASSETS</b>		
Special use funds	3,372	3,390
Other investments	943	935
Prepaid benefit costs	1,212	1,184
Regulatory assets:		
Securitized storm-recovery costs (\$376 related to a VIE at June 30, 2010)	613	644
Deferred clause expenses	215	-
Other	327	265
Other	1,650	1,625
Total other assets	<u>8,332</u>	<u>8,043</u>
<b>TOTAL ASSETS</b>	<u>\$ 51,209</u>	<u>\$ 48,458</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 4	\$ 4
Additional paid-in capital	5,173	5,055
Retained earnings	8,303	7,739
Accumulated other comprehensive income	49	169
Total common shareholders' equity	<u>13,529</u>	<u>12,967</u>
Long-term debt (\$858 related to VIEs at June 30, 2010)	17,171	16,300
Total capitalization	<u>30,700</u>	<u>29,267</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	1,716	2,020
Notes payable	250	-
Current maturities of long-term debt	1,056	569
Accounts payable	1,316	992
Customer deposits	635	613
Accrued interest and taxes	606	466
Regulatory liabilities:		
Deferred clause and franchise revenues	29	377
Pension	2	2
Derivatives	516	221
Other	1,000	1,189
Total current liabilities	<u>7,126</u>	<u>6,449</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	2,447	2,418
Accumulated deferred income taxes	5,242	4,860
Regulatory liabilities:		
Accrued asset removal costs	2,211	2,251
Asset retirement obligation regulatory expense difference	623	671
Pension	15	16
Other	276	244
Derivatives	320	170
Other (\$883 related to VIEs at June 30, 2010)	2,249	2,112
Total other liabilities and deferred credits	<u>13,383</u>	<u>12,742</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 51,209</u>	<u>\$ 48,458</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

	Six Months Ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 973	\$ 734
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	800	844
Nuclear fuel amortization	140	119
Unrealized (gains) losses on marked to market energy contracts	(291)	27
Deferred income taxes	280	73
Cost recovery clauses and franchise fees	(600)	268
Change in prepaid option premiums and derivative settlements	166	62
Equity in earnings of equity method investees	(23)	(20)
Distributions of earnings from equity method investees	21	30
Changes in operating assets and liabilities:		
Customer receivables	(54)	(5)
Other receivables	17	17
Materials, supplies and fossil fuel inventory	51	62
Other current assets	(205)	(63)
Other assets	95	(30)
Accounts payable	360	59
Customer deposits	22	17
Margin cash collateral	(20)	(192)
Income taxes	(4)	13
Interest and other taxes	151	160
Other current liabilities	(87)	(28)
Other liabilities	(35)	31
Other - net	(9)	(34)
Net cash provided by operating activities	<u>1,748</u>	<u>2,144</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures of FPL	(1,462)	(1,159)
Independent power and other investments of NextEra Energy Resources	(1,168)	(1,099)
Cash grants under the American Recovery and Reinvestment Act of 2009	511	-
Funds received from a spent fuel settlement	-	86
Nuclear fuel purchases	(98)	(167)
Other capital expenditures	(29)	(20)
Sale of independent power investments	16	5
Proceeds from sale of securities in special use funds	3,063	1,711
Purchases of securities in special use funds	(3,123)	(1,750)
Proceeds from sale of other securities	438	286
Purchases of other securities	(427)	(320)
Other - net	(4)	6
Net cash used in investing activities	<u>(2,283)</u>	<u>(2,421)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	1,585	2,372
Retirements of long-term debt	(269)	(1,314)
Sale of differential membership interests	190	-
Net change in short-term debt	(54)	(743)
Issuances of common stock	69	83
Dividends on common stock	(410)	(382)
Other - net	15	2
Net cash provided by financing activities	<u>1,126</u>	<u>18</u>
Net increase (decrease) in cash and cash equivalents	591	(259)
Cash and cash equivalents at beginning of period	238	535
Cash and cash equivalents at end of period	<u>\$ 829</u>	<u>\$ 276</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 555	\$ 851

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(millions)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OPERATING REVENUES	\$ 2,580	\$ 2,864	\$ 4,908	\$ 5,437
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,205	1,554	2,312	3,024
Other operations and maintenance	424	376	797	715
Depreciation and amortization	193	273	422	523
Taxes other than income taxes and other	257	265	483	517
Total operating expenses	<u>2,079</u>	<u>2,468</u>	<u>4,014</u>	<u>4,779</u>
OPERATING INCOME	<u>501</u>	<u>396</u>	<u>894</u>	<u>658</u>
OTHER INCOME (DEDUCTIONS)				
Interest expense	(91)	(79)	(179)	(156)
Allowance for equity funds used during construction	9	15	15	31
Other - net	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>(4)</u>
Total other deductions - net	<u>(83)</u>	<u>(65)</u>	<u>(164)</u>	<u>(129)</u>
INCOME BEFORE INCOME TAXES	418	331	730	529
INCOME TAXES	<u>153</u>	<u>118</u>	<u>274</u>	<u>189</u>
NET INCOME	<u>\$ 265</u>	<u>\$ 213</u>	<u>\$ 456</u>	<u>\$ 340</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	June 30, 2010	December 31, 2009
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 29,096	\$ 28,677
Nuclear fuel	712	756
Construction work in progress	2,075	1,549
Less accumulated depreciation and amortization	<u>(10,760)</u>	<u>(10,578)</u>
Electric utility plant - net	<u>21,123</u>	<u>20,404</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	379	83
Customer receivables, net of allowances of \$14 and \$21, respectively	833	838
Other receivables, net of allowances of \$1 and \$1, respectively	193	182
Materials, supplies and fossil fuel inventory	469	529
Regulatory assets:		
Deferred clause and franchise expenses	106	69
Securitized storm-recovery costs	72	69
Derivatives	245	68
Other	<u>253</u>	<u>123</u>
Total current assets	<u>2,550</u>	<u>1,961</u>
<b>OTHER ASSETS</b>		
Special use funds	2,413	2,408
Prepaid benefit costs	1,033	1,017
Regulatory assets:		
Securitized storm-recovery costs (\$376 related to a VIE at June 30, 2010)	613	644
Deferred clause expenses	215	-
Other	277	214
Other	<u>190</u>	<u>164</u>
Total other assets	<u>4,741</u>	<u>4,447</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,414</u>	<u>\$ 26,812</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 1,373	\$ 1,373
Additional paid-in capital	4,529	4,393
Retained earnings	<u>3,125</u>	<u>2,670</u>
Total common shareholder's equity	9,027	8,436
Long-term debt (\$507 related to a VIE at June 30, 2010)	<u>6,292</u>	<u>5,794</u>
Total capitalization	<u>15,319</u>	<u>14,230</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	639	818
Notes payable	250	-
Current maturities of long-term debt	43	42
Accounts payable	873	539
Customer deposits	629	607
Accrued interest and taxes	593	303
Regulatory liabilities - deferred clause and franchise revenues	29	377
Derivatives	254	77
Other	<u>439</u>	<u>659</u>
Total current liabilities	<u>3,749</u>	<u>3,422</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,882	1,833
Accumulated deferred income taxes	3,715	3,509
Regulatory liabilities:		
Accrued asset removal costs	2,211	2,251
Asset retirement obligation regulatory expense difference	623	671
Other	276	244
Other	<u>639</u>	<u>652</u>
Total other liabilities and deferred credits	<u>9,346</u>	<u>9,160</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 28,414</u>	<u>\$ 26,812</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

	Six Months Ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 456	\$ 340
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	422	523
Nuclear fuel amortization	66	59
Deferred income taxes	135	308
Cost recovery clauses and franchise fees	(600)	268
Changes in operating assets and liabilities:		
Customer receivables	4	(63)
Other receivables	(15)	56
Materials, supplies and fossil fuel inventory	59	(9)
Other current assets	(99)	(58)
Other assets	16	(39)
Accounts payable	330	107
Customer deposits	23	17
Income taxes	54	(357)
Interest and other taxes	145	123
Other current liabilities	(18)	11
Other liabilities	(3)	20
Other - net	41	(30)
Net cash provided by operating activities	<u>1,016</u>	<u>1,276</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,462)	(1,159)
Cash grants under the American Recovery and Reinvestment Act of 2009	85	-
Funds received from a spent fuel settlement	-	71
Nuclear fuel purchases	(24)	(90)
Proceeds from sale of securities in special use funds	2,425	1,198
Purchases of securities in special use funds	(2,472)	(1,219)
Other - net	32	1
Net cash used in investing activities	<u>(1,416)</u>	<u>(1,198)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	514	493
Retirements of long-term debt	(22)	(245)
Net change in short-term debt	71	(25)
Capital contribution from NextEra Energy	135	-
Dividends	-	(325)
Other - net	(2)	3
Net cash provided by (used in) financing activities	<u>696</u>	<u>(99)</u>
Net increase (decrease) in cash and cash equivalents	296	(21)
Cash and cash equivalents at beginning of period	83	120
Cash and cash equivalents at end of period	<u>\$ 379</u>	<u>\$ 99</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 294	\$ 383

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**NEXTERA ENERGY, 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 2009 Form 10-K for NextEra Energy and FPL. In the opinion of NextEra Energy 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

NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries and has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees (collectively, pension benefits). In addition to pension benefits, NextEra Energy sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of NextEra Energy and its subsidiaries meeting certain eligibility requirements.

The components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	Three Months Ended June 30,				Six Months Ended June 30,			
	2010	2009	2010	2009	2010	2009	2010	2009
	(millions)							
Service cost	\$ 15	\$ 13	\$ 1	\$ 2	\$ 30	\$ 26	\$ 3	\$ 2
Interest cost	25	27	6	6	51	55	11	12
Expected return on plan assets	(60)	(60)	(1)	(1)	(120)	(119)	(1)	(1)
Amortization of transition obligation	-	-	1	1	-	-	2	2
Amortization of prior service benefit	(1)	(1)	-	-	(2)	(2)	-	-
Amortization of gains	-	(5)	-	-	-	(12)	-	-
Net periodic benefit (income) cost at NextEra Energy	\$ (21)	\$ (26)	\$ 7	\$ 8	\$ (41)	\$ (52)	\$ 15	\$ 15
Net periodic benefit (income) cost at FPL	\$ (14)	\$ (18)	\$ 6	\$ 6	\$ (28)	\$ (37)	\$ 11	\$ 11

## 2. Derivative Instruments

NextEra Energy and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with long-term debt, and to optimize the value of NextEra Energy Resources' power generation assets.

With respect to commodities related to NextEra Energy's competitive energy business, NextEra Energy Resources employs rigorous risk management procedures in order to optimize the value of its power generation assets, provide full energy and capacity requirements services primarily to distribution utilities, and engage in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter markets, depending on the most favorable credit terms and market execution factors. For NextEra Energy Resources' power generation assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge the expected energy output of these assets for the portion of the output that is not covered by long-term power purchase agreements (PPA). These hedges protect NextEra Energy Resources against adverse changes in the wholesale forward commodity markets associated with its generation assets. With regard to full energy and capacity requirements services, NextEra Energy Resources is required to vary the quantity of energy and related services based on the load demands of the customer served by the distribution utility. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and protect against unfavorable changes in the forward energy markets. Additionally, NextEra Energy Resources takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions. NextEra Energy Resources uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

Derivative instruments, when required to be marked to market, are recorded on NextEra Energy's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, 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 NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied, 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 NextEra Energy's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate.

While most of NextEra Energy Resources' derivatives are entered into for the purpose of managing commodity price risk, and to reduce the impact of volatility in interest rates stemming from changes in variable interest rates on outstanding debt, 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. NextEra Energy 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 been deemed not to have occurred for financial reporting purposes. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. Generally, NextEra Energy assesses a hedging instrument's effectiveness by using regression analysis for commodity contracts, and nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item for interest rate swaps and foreign currency derivative instruments. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. 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 (OCI) and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. See Note 6. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period.

In January 2010, NextEra Energy discontinued hedge accounting for its cash flow hedges related to commodity derivative instruments. NextEra Energy continues to apply hedge accounting to certain interest rate and foreign currency hedges. At June 30, 2010, NextEra Energy's accumulated other comprehensive income (AOCI) included amounts related to the discontinued commodity cash flow hedges which have expiration dates through December 2012. Additionally, at June 30, 2010, NextEra Energy had interest rate cash flow hedges with expiration dates through January 2027 and a foreign currency cash flow hedge that expires in December 2011.

The net fair values of NextEra Energy's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	NextEra Energy		FPL	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(millions)			
Current derivative assets <sup>(a)</sup>	\$ 470	\$ 357	\$ 8 <sup>(b)</sup>	\$ 10 <sup>(b)</sup>
Noncurrent other assets <sup>(c)</sup>	476	329	2	4
Current derivative liabilities <sup>(d)</sup>	(516)	(221)	(254)	(77)
Noncurrent derivative liabilities <sup>(e)</sup>	(320)	(170)	(28) <sup>(f)</sup>	(1) <sup>(f)</sup>
Total mark-to-market derivative instrument assets (liabilities)	<u>\$ 110</u>	<u>\$ 295</u>	<u>\$ (272)</u>	<u>\$ (64)</u>

(a) At June 30, 2010 and December 31, 2009, NextEra Energy's balances reflect the netting of \$14 million and \$4 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(b) Included in current other assets on FPL's condensed consolidated balance sheets.

(c) At December 31, 2009, NextEra Energy's balances reflect the netting of \$1 million (none at FPL) in margin cash collateral received from counterparties.

(d) At June 30, 2010 and December 31, 2009, NextEra Energy's balances reflect the netting of \$74 million and \$75 million (none at FPL), respectively, in margin cash collateral provided to counterparties.

(e) At June 30, 2010, NextEra Energy's balance reflects the netting of \$44 million (none at FPL) in margin cash collateral provided to counterparties.

(f) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

At June 30, 2010 and December 31, 2009, NextEra Energy had approximately \$13 million and \$18 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets. These amounts are included in other current liabilities in the condensed consolidated balance sheets. Additionally, at June 30, 2010 and December 31, 2009, NextEra Energy had approximately \$66 million and \$95 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative liabilities. These amounts are included in other current assets in the condensed consolidated balance sheets.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

As discussed above, NextEra Energy uses derivative instruments to, among other things, manage its commodity price risk, interest rate risk and foreign currency exchange rate risk. The table above presents NextEra Energy's and FPL's net derivative positions at June 30, 2010 and December 31, 2009, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral. However, disclosure rules require that the following tables be presented on a gross basis.

The fair values of NextEra Energy's derivatives designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	June 30, 2010		December 31, 2009	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)			
Commodity contracts:				
Current derivative assets	\$ -	\$ -	\$ 54	\$ 1
Current derivative liabilities	-	-	45	4
Noncurrent other assets	-	-	44	2
Noncurrent derivative liabilities	-	-	8	13
Interest rate swaps:				
Current derivative assets	16	-	-	-
Current derivative liabilities	-	55	-	51
Noncurrent other assets	7	-	61	-
Noncurrent derivative liabilities	-	62	-	27
Foreign currency swap:				
Current derivative liabilities	-	3	-	-
Noncurrent other assets	13	-	5	-
Total	<u>\$ 36</u>	<u>\$ 120</u>	<u>\$ 217</u>	<u>\$ 98</u>

Gains (losses) related to NextEra Energy's cash flow hedges are recorded on NextEra Energy's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended June 30,							
	2010				2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total	Commodity Contracts	Interest Rate Swaps	Total	
	(millions)							
Gains (losses) recognized in OCI	\$ -	\$ (72)	\$ 8	\$ (64)	\$ 5	\$ 53	\$ 58	
Gains (losses) reclassified from AOCI to net income	\$ 32 <sup>(a)</sup>	\$ (9) <sup>(b)</sup>	\$ 8 <sup>(c)</sup>	\$ 31	\$ 60 <sup>(a)</sup>	\$ (5) <sup>(b)</sup>	\$ 55	
Gains (losses) recognized in income <sup>(d)</sup>	\$ -	\$ -	\$ -	\$ -	\$ (1) <sup>(a)</sup>	\$ -	\$ (1)	

(a) Included in operating revenues.

(b) Included in interest expense.

(c) \$1 million loss is included in interest expense and the balance is included in other - net.

(d) Represents the ineffective portion of the hedging instrument.

	Six Months Ended June 30,							
	2010				2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total	Commodity Contracts	Interest Rate Swaps	Total	
	(millions)							
Gains (losses) recognized in OCI	\$ 19	\$ (106)	\$ 4	\$ (83)	\$ 157	\$ 48	\$ 205	
Gains (losses) reclassified from AOCI to net income	\$ 68 <sup>(a)</sup>	\$ (26) <sup>(b)</sup>	\$ 6 <sup>(c)</sup>	\$ 48	\$ 83 <sup>(a)</sup>	\$ (14) <sup>(b)</sup>	\$ 69	
Gains (losses) recognized in income <sup>(d)</sup>	\$ 1 <sup>(a)</sup>	\$ -	\$ -	\$ 1	\$ 9 <sup>(a)</sup>	\$ -	\$ 9	

(a) Included in operating revenues.

(b) Included in interest expense.

(c) \$1 million loss is included in interest expense and the balance is included in other - net.

(d) Represents the ineffective portion of the hedging instrument.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

For the three and six months ended June 30, 2010, NextEra Energy recorded a gain of \$4 million and \$4 million, respectively, on two fair value hedges which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding increase in the related debt. For the three and six months ended June 30, 2009, NextEra Energy recorded a loss of \$6 million and \$5 million, respectively, on a fair value hedge which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding reduction of the related debt.

The fair values of NextEra Energy's and FPL's derivatives not designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	June 30, 2010				December 31, 2009			
	NextEra Energy		FPL		NextEra Energy		FPL	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)							
Commodity contracts:								
Current derivative assets	\$ 705	\$ 237	\$ 8 <sup>(a)</sup>	\$ -	\$ 611	\$ 303	\$ 11 <sup>(a)</sup>	\$ 1 <sup>(a)</sup>
Current derivative liabilities	1,712	2,243	5	259	1,002	1,288	18	95
Noncurrent other assets	621	166	2	-	921	699	4	-
Noncurrent derivative liabilities	1,166	1,468	2 <sup>(b)</sup>	30 <sup>(b)</sup>	128	260	-	1 <sup>(b)</sup>
Foreign currency swap:								
Current derivative liabilities	-	1	-	-	-	-	-	-
Noncurrent other assets	1	-	-	-	-	-	-	-
Noncurrent derivative liabilities	-	-	-	-	-	6	-	-
Total	<u>\$ 4,205</u>	<u>\$ 4,115</u>	<u>\$ 17</u>	<u>\$ 289</u>	<u>\$ 2,662</u>	<u>\$ 2,556</u>	<u>\$ 33</u>	<u>\$ 97</u>

(a) Included in current other assets on FPL's condensed consolidated balance sheets.

(b) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

Gains (losses) related to NextEra Energy's derivatives not designated as hedging instruments are recorded on NextEra Energy's condensed consolidated statements of income (none at FPL) as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions)			
Commodity contracts:				
Operating revenues	\$ (9) <sup>(a)</sup>	\$ 20 <sup>(a)</sup>	\$ 261 <sup>(a)</sup>	\$ 132 <sup>(a)</sup>
Fuel, purchased power and interchange	27	1	94	28
Foreign currency swap:				
Other - net	7	4	5	(9)
Total	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 360</u>	<u>\$ 151</u>

(a) In addition, for the three and six months ended June 30, 2010, FPL recorded approximately \$63 million of gains and \$392 million of losses, respectively, related to commodity contracts as regulatory liabilities and regulatory assets, respectively, on its condensed consolidated balance sheets. For the three and six months ended June 30, 2009, FPL recorded losses of approximately \$21 million and \$546 million, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets.

The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NextEra Energy's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. The table does not present a complete picture of NextEra Energy's and FPL's overall net economic exposure because NextEra Energy and FPL do not use derivative instruments to hedge all of their commodity exposures. At June 30, 2010, NextEra Energy and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	NextEra Energy	FPL
	(millions)	
Power	(30) mwh <sup>(a)</sup>	-
Natural gas	608 mmbtu <sup>(b)</sup>	782 mmbtu <sup>(b)</sup>
Oil	1 barrels	2 barrels

(a) Megawatt-hours

(b) One million British thermal units

At June 30, 2010, NextEra Energy had 17 interest rate swaps with a notional amount totaling approximately \$2.7 billion and two foreign currency swaps with a notional amount totaling approximately \$290 million.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

Certain of NextEra Energy's and FPL's derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At June 30, 2010, the aggregate fair value of NextEra Energy's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$1.6 billion (\$0.3 billion for FPL).

If the credit-risk-related contingent features underlying these agreements and other wholesale commodity contracts were triggered, NextEra Energy or FPL could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL Group Capital's or FPL's credit ratings were downgraded to BBB (a two level downgrade for FPL and a one level downgrade for FPL Group Capital from the current lowest applicable rating), NextEra Energy would be required to post collateral such that the total posted collateral would be approximately \$450 million (\$130 million at FPL). If FPL Group Capital's and FPL's credit ratings were downgraded to below investment grade, NextEra Energy would be required to post additional collateral such that the total posted collateral would be approximately \$2.2 billion (\$0.8 billion at FPL). Some contracts at NextEra Energy, including some FPL contracts, do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, NextEra Energy could be required to post additional collateral of up to approximately \$500 million (\$100 million at FPL).

Collateral may be posted in the form of cash or credit support. At June 30, 2010, NextEra Energy had posted approximately \$175 million (none at FPL) in the form of letters of credit, related to derivatives, in the normal course of business which could be applied toward the collateral requirements described above. FPL and FPL Group Capital have bank revolving line of credit facilities in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the bank revolving line of credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, NextEra Energy and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

### **3. Fair Value Measurements**

NextEra Energy and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NextEra Energy's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

*Cash Equivalents* - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NextEra Energy and FPL primarily hold investments in money market funds. The fair value of these funds is calculated using current market prices.

*Special Use Funds and Other Investments* - NextEra Energy and FPL hold primarily debt and equity securities directly as well as equity securities indirectly through commingled funds. Substantially all equity securities are valued by the custodian at their quoted market prices. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market. For debt securities, the custodian obtains multiple prices and price types from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified by the custodian based on asset type, class or issue of each security.

*Derivative Instruments* - NextEra Energy and FPL measure the fair value of commodity contracts on a daily basis using prices observed on commodities exchanges and in the over-the-counter markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

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Exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using significant other observable inputs.

NextEra Energy and FPL also enter into over-the-counter commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts. In instances where the reference exchange markets are deemed to be inactive or do not have a similar contract that trades on an exchange, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points.

NextEra Energy, through NextEra Energy Resources, also enters into load serving contracts, which, in many cases, meet the definition of derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at NextEra Energy have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where NextEra Energy and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes, but is not limited to, assumptions about market liquidity, volatility and contract duration.

NextEra Energy uses interest rate and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain debt issuances. NextEra Energy estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the swap agreements. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

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NextEra Energy's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	June 30, 2010				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
	(millions)				
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 361	\$ -	\$ -	\$ 361
FPL - equity securities	\$ -	\$ 154	\$ -	\$ -	\$ 154
Special use funds:					
NextEra Energy:					
Equity securities	\$ 573	\$ 946 <sup>(b)</sup>	\$ -	\$ -	\$ 1,519
U.S. Government and municipal bonds	\$ 602	\$ 102	\$ -	\$ -	\$ 704
Corporate debt securities	\$ -	\$ 430	\$ -	\$ -	\$ 430
Mortgage-backed securities	\$ -	\$ 560	\$ -	\$ -	\$ 560
Other debt securities	\$ -	\$ 96	\$ -	\$ -	\$ 96
FPL:					
Equity securities	\$ 105	\$ 825 <sup>(b)</sup>	\$ -	\$ -	\$ 930
U.S. Government and municipal bonds	\$ 515	\$ 86	\$ -	\$ -	\$ 601
Corporate debt securities	\$ -	\$ 324	\$ -	\$ -	\$ 324
Mortgage-backed securities	\$ -	\$ 437	\$ -	\$ -	\$ 437
Other debt securities	\$ -	\$ 43	\$ -	\$ -	\$ 43
Other investments:					
NextEra Energy:					
Equity securities	\$ 2	\$ 3	\$ -	\$ -	\$ 5
U.S. Government and municipal bonds	\$ 20	\$ -	\$ -	\$ -	\$ 20
Corporate debt securities	\$ -	\$ 32	\$ -	\$ -	\$ 32
Mortgage-backed securities	\$ -	\$ 48	\$ -	\$ -	\$ 48
Other	\$ 5	\$ 12	\$ -	\$ -	\$ 17
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 1,751	\$ 1,461	\$ 994	\$ (3,297)	\$ 909 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 23	\$ -	\$ -	\$ 23 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 14	\$ -	\$ -	\$ 14 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 7	\$ 10	\$ (7)	\$ 10 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 1,838	\$ 1,631	\$ 647	\$ (3,401)	\$ 715 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 117	\$ -	\$ -	\$ 117 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 4	\$ -	\$ -	\$ 4 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 286	\$ 3	\$ (7)	\$ 282 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately \$869 million (\$787 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 2 for a reconciliation of net derivatives to NextEra Energy's and FPL's condensed consolidated balance sheets.

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	December 31, 2009				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (millions)	Netting <sup>(a)</sup>	Total
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 79	\$ -	\$ -	\$ 79
FPL - equity securities	\$ -	\$ 43	\$ -	\$ -	\$ 43
Special use funds:					
NextEra Energy:					
Equity securities	\$ 657	\$ 1,048 <sup>(b)</sup>	\$ -	\$ -	\$ 1,705
U.S. Government and municipal bonds	\$ 275	\$ 299	\$ -	\$ -	\$ 574
Corporate debt securities	\$ -	\$ 452	\$ -	\$ -	\$ 452
Mortgage-backed securities	\$ -	\$ 618	\$ -	\$ -	\$ 618
Other debt securities	\$ -	\$ 41	\$ -	\$ -	\$ 41
FPL:					
Equity securities	\$ 104	\$ 920 <sup>(b)</sup>	\$ -	\$ -	\$ 1,024
U.S. Government and municipal bonds	\$ 230	\$ 278	\$ -	\$ -	\$ 508
Corporate debt securities	\$ -	\$ 346	\$ -	\$ -	\$ 346
Mortgage-backed securities	\$ -	\$ 503	\$ -	\$ -	\$ 503
Other debt securities	\$ -	\$ 27	\$ -	\$ -	\$ 27
Other investments:					
NextEra Energy:					
Equity securities	\$ 3	\$ 4	\$ -	\$ -	\$ 7
U.S. Government and municipal bonds	\$ -	\$ 38	\$ -	\$ -	\$ 38
Corporate debt securities	\$ -	\$ 35	\$ -	\$ -	\$ 35
Mortgage-backed securities	\$ -	\$ 31	\$ -	\$ -	\$ 31
Other	\$ 4	\$ -	\$ -	\$ -	\$ 4
Derivatives:					
NextEra Energy	\$ 988	\$ 1,089	\$ 801	\$ (2,192)	\$ 686 <sup>(c)</sup>
FPL	\$ -	\$ 20	\$ 13	\$ (19)	\$ 14 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy	\$ 1,110	\$ 1,106	\$ 437	\$ (2,262)	\$ 391 <sup>(c)</sup>
FPL	\$ -	\$ 95	\$ 2	\$ (19)	\$ 78 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately \$918 million (\$836 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 2 for a reconciliation of net derivatives to NextEra Energy's and FPL's condensed consolidated balance sheets.

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The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Three Months Ended June 30,			
	2010		2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Fair value of derivatives based on significant unobservable inputs at March 31	\$ 549	\$ 10	\$ 539	\$ 5
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	(110)	-	47	-
Included in regulatory assets and liabilities	(1)	(1)	-	-
Settlements and net option premiums	(69)	(2)	(116)	3
Net transfers in/out <sup>(b)</sup>	(22)	-	15	-
Fair value of net derivatives based on significant unobservable inputs at June 30	<u>\$ 347</u>	<u>\$ 7</u>	<u>\$ 485</u>	<u>\$ 8</u>
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	<u>\$ (99)</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ -</u>

- (a) For the three months ended June 30, 2010 and 2009, \$(109) million and \$47 million, respectively, of realized and unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended June 30, 2010, \$(1) million of realized and unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.
- (b) For the three months ended June 30, 2010, gross transfers of \$1 million into Level 3 were a result of decreased observability of market data, and gross transfers of \$23 million from Level 3 to Level 2 were a result of increased observability of market data. NextEra Energy's and FPL's policy is to recognize all transfers at the beginning of the reporting period.
- (c) For the three months ended June 30, 2010 and 2009, \$(98) million and \$49 million, respectively, of unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended June 30, 2010, \$(1) million of unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

	Six Months Ended June 30,			
	2010		2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$ 364	\$ 11	\$ 404	\$ (1)
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	350	-	385	-
Included in regulatory assets and liabilities	(1)	(1)	5	5
Settlements and net option premiums	(338)	(3)	(246)	5
Net transfers in/out <sup>(b)</sup>	(28)	-	(63)	(1)
Fair value of net derivatives based on significant unobservable inputs at June 30	<u>\$ 347</u>	<u>\$ 7</u>	<u>\$ 485</u>	<u>\$ 8</u>
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ 321</u>	<u>\$ 1</u>

- (a) For the six months ended June 30, 2010 and 2009, \$343 million and \$385 million, respectively, of realized and unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the six months ended June 30, 2010, \$7 million of realized and unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.
- (b) For the six months ended June 30, 2010, gross transfers of \$2 million into Level 3 were a result of decreased observability of market data, and gross transfers of \$30 million from Level 3 to Level 2 were a result of increased observability of market data. NextEra Energy's and FPL's policy is to recognize all transfers at the beginning of the reporting period.
- (c) For the six months ended June 30, 2010 and 2009, \$233 million and \$321 million, respectively, of unrealized gains (losses) are reflected in operating revenues in the condensed consolidated statements of income. For the six months ended June 30, 2010, \$4 million of unrealized gains (losses) are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

#### 4. Financial Instruments

NextEra Energy and FPL adopted new accounting and disclosure provisions related to other than temporary impairments and the fair value of financial instruments beginning April 1, 2009. Under the new accounting provisions, an investment in a debt security is required to be assessed for an other than temporary impairment based on whether the entity has an intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized cost basis. Additionally, if the entity does not expect to recover the amortized cost of a debt security, an impairment is recognized in earnings equal to the estimated credit loss. For debt securities held as of April 1, 2009 for which an other than temporary impairment had been previously recognized but for which assessment under the new accounting provisions indicated the impairment was temporary, NextEra Energy recorded an adjustment to increase April 1, 2009 retained earnings by approximately \$5 million with a corresponding reduction in AOCI.

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The carrying amounts of cash equivalents, notes payable and commercial paper approximate their fair values. At June 30, 2010 and December 31, 2009, other investments of NextEra Energy, not included in the table below, included financial instruments of approximately \$50 million and \$39 million, respectively, which primarily consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value.

The following estimates of the fair value of financial instruments have been made primarily using available market information. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

	June 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Special use funds	\$ 3,372 <sup>(a)</sup>	\$ 3,372 <sup>(b)</sup>	\$ 3,390 <sup>(a)</sup>	\$ 3,390 <sup>(b)</sup>
Other investments:				
Notes receivable	\$ 530	\$ 553 <sup>(c)</sup>	\$ 534	\$ 556 <sup>(c)</sup>
Debt securities	\$ 112 <sup>(d)</sup>	\$ 112 <sup>(b)</sup>	\$ 104 <sup>(d)</sup>	\$ 104 <sup>(b)</sup>
Equity securities	\$ 52	\$ 120 <sup>(e)</sup>	\$ 45	\$ 105 <sup>(e)</sup>
Long-term debt, including current maturities	\$ 18,227	\$ 19,193 <sup>(f)</sup>	\$ 16,869	\$ 17,256 <sup>(f)</sup>
Interest rate swaps - net unrealized losses	\$ (94)	\$ (94) <sup>(g)</sup>	\$ (17)	\$ (17) <sup>(g)</sup>
Foreign currency swaps - net unrealized gains (losses)	\$ 10	\$ 10 <sup>(g)</sup>	\$ (1)	\$ (1) <sup>(g)</sup>
FPL:				
Special use funds	\$ 2,413 <sup>(a)</sup>	\$ 2,413 <sup>(b)</sup>	\$ 2,408 <sup>(a)</sup>	\$ 2,408 <sup>(b)</sup>
Long-term debt, including current maturities	\$ 6,335	\$ 6,988 <sup>(f)</sup>	\$ 5,836	\$ 6,055 <sup>(f)</sup>

(a) At June 30, 2010, includes \$8 million of cash, \$50 million of investments accounted for under the equity method and \$5 million of loans not measured at fair value on a recurring basis (none, \$75 million and \$3 million, respectively, for FPL). For the remaining balance, see Note 3 for classification by major security type. The amortized cost of debt and equity securities is \$1,735 million and \$1,327 million, respectively, at June 30, 2010 and \$1,638 million and \$1,396 million, respectively, at December 31, 2009 (\$1,353 million and \$843 million, respectively, at June 30, 2010 and \$1,344 million and \$873 million, respectively, at December 31, 2009 for FPL).

(b) Based on quoted market prices for these or similar issues.

(c) Classified as held to maturity. Based on market prices provided by external sources. Notes receivable bear interest at variable rates based on an underlying index plus a margin and mature from 2014 to 2029.

(d) Classified as trading securities.

(e) Modeled internally based on latest market data.

(f) Provided by external sources based on market prices indicative of market conditions.

(g) Modeled internally based on market values using discounted cash flow analysis and credit valuation adjustment.

**Special Use Funds** - The special use funds consist of FPL's storm fund assets of \$125 million and NextEra Energy's and FPL's nuclear decommissioning fund assets of \$3,247 million and \$2,288 million, respectively, at June 30, 2010. The majority of investments held in the special use funds consist of equity and debt securities which are classified as available for sale and are carried at estimated fair value (see Note 3). For FPL's special use funds, consistent with regulatory treatment, market adjustments, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NextEra Energy's non-rate regulated operations, market adjustments result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as a loss in NextEra Energy's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at June 30, 2010 of approximately six years at both NextEra Energy and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at June 30, 2010 of approximately three years. The cost of securities sold is determined using the specific identification method.

The approximate realized gains and losses and proceeds from the sale of available for sale securities are as follows:

	Three Months Ended June 30,				Six Months Ended June 30, 2010	
	2010		2009			
	NextEra Energy	FPL	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)					
Realized gains	\$ 17	\$ 7	\$ 10	\$ 5	\$ 62	\$ 31
Realized losses	\$ 4	\$ 3	\$ 12	\$ 11	\$ 14	\$ 11
Proceeds from sale of securities	\$ 1,163	\$ 817	\$ 835	\$ 682	\$ 3,063	\$ 2,425

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The unrealized gains on available for sale securities are as follows:

	June 30, 2010		December 31, 2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Equity securities	\$ 286	\$ 180	\$ 400	\$ 240
U.S. Government and municipal bonds	\$ 26	\$ 23	\$ 14	\$ 13
Corporate debt securities	\$ 24	\$ 19	\$ 21	\$ 16
Mortgage-backed securities	\$ 27	\$ 22	\$ 22	\$ 18
Other debt securities	\$ 3	\$ 2	\$ 1	\$ 1

The total unrealized losses on available for sale debt securities and the fair value of available for sale debt securities in an unrealized loss position are as follows:

	June 30, 2010				December 31, 2009			
	NextEra Energy <sup>(a)</sup>		FPL <sup>(a)</sup>		NextEra Energy <sup>(a)</sup>		FPL <sup>(a)</sup>	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(millions)							
U.S. Government and municipal bonds	\$ -	\$ 21	\$ -	\$ 17	\$ 6	\$ 255	\$ 5	\$ 207
Corporate debt securities	\$ 1	\$ 48	\$ 1	\$ 35	\$ 2	\$ 104	\$ 1	\$ 84
Mortgage-backed securities	\$ 1	\$ 13	\$ 1	\$ 9	\$ 4	\$ 225	\$ 3	\$ 184
Other debt securities	\$ -	\$ 13	\$ -	\$ 8	\$ -	\$ 10	\$ -	\$ 8

(a) At June 30, 2010 and December 31, 2009, NextEra Energy had 10 securities and 47 securities, respectively, in an unrealized loss position for greater than twelve months, including 1 security and 18 securities, respectively, for FPL. The total unrealized loss on these securities was less than \$1 million and approximately \$3 million, respectively, and the fair value was approximately \$4 million and \$37 million, respectively, for NextEra Energy, including less than \$1 million and approximately \$2 million, respectively, of unrealized losses with a fair value of approximately \$1 million and \$25 million, respectively, for FPL. Consistent with regulatory treatment for FPL, marketable securities held in special use 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.

Regulations issued by the Federal Energy Regulatory Commission (FERC) and the U.S. Nuclear Regulatory Commission (NRC) provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit investments in any securities of NextEra Energy or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NextEra Energy Resources' nuclear plants are contained in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for NextEra Energy Resources' Seabrook Station (Seabrook) nuclear plant, decommissioning fund contributions and withdrawals are also regulated by the Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of NextEra Energy and FPL and rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

*Interest Rate and Foreign Currency Swaps* - NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. In addition, FPL Group Capital entered into a cross currency basis swap to hedge against currency movements with respect to both interest and principal payments on a loan and a cross currency swap to hedge against currency and interest rate movements with respect to both interest and principal payments on a loan.

## 5. Income Taxes

NextEra Energy's effective income tax rate for the three months ended June 30, 2010 and 2009 was approximately 16% and 16%, respectively. The reduction from the federal statutory rate mainly reflects the benefit of wind production tax credits (PTCs) of approximately \$89 million and \$69 million, respectively, related to NextEra Energy Resources' wind projects. PTCs can significantly affect NextEra Energy's effective income tax rate depending on the amount of pretax income and wind generation. The corresponding rates and amounts for the six months ended June 30, 2010 and 2009 were approximately 23% and 11%, respectively, and approximately \$164 million and \$141 million, respectively.

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NextEra Energy 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. NextEra Energy uses 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.

NextEra Energy's effective income tax rate for the three months ended June 30, 2010 and 2009 also reflects a \$16 million and a \$17 million, respectively, deferred tax benefit associated with grants (convertible investment tax credits (ITCs)) under the American Recovery and Reinvestment Act of 2009 (Recovery Act) for certain wind projects expected to be placed in service. The corresponding amounts for the six months ended June 30, 2010 and 2009 were \$30 million and \$32 million.

NextEra Energy's effective income tax rate for the six months ended June 30, 2009 also reflected the following:

- an approximately \$18 million benefit (foreign tax benefit) reflecting the reduction of previously deferred income taxes resulting from an additional equity investment in Canadian operations; and
- a \$17 million benefit (state tax benefit) related to a change in state tax law that extended the carry forward period of ITCs on certain wind projects.

## 6. Comprehensive Income

NextEra Energy's comprehensive income is as follows:

	Three Months Ended June 30,	
	2010	2009
	(millions)	
Net income of NextEra Energy	\$ 417	\$ 370
Net unrealized gains (losses) on cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of \$24 tax benefit and \$23 tax expense, respectively)	(40)	35
Reclassification from AOCI to net income (net of \$13 and \$23 tax benefit, respectively)	(18)	(32)
Net unrealized gains (losses) on available for sale securities:		
Net unrealized gains (losses) on securities still held (net of \$22 tax benefit and \$36 tax expense, respectively)	(32)	50
Reclassification from AOCI to net income (net of \$4 and \$1 tax benefit, respectively)	(5)	(1)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	(1)
Net unrealized gains (losses) on foreign currency translation (net of \$6 tax benefit and \$3 tax expense, respectively)	(12)	6
Comprehensive income of NextEra Energy	<u>\$ 310</u>	<u>\$ 427</u>

	Six Months Ended June 30,	
	2010	2009
	(millions)	
Net income of NextEra Energy	\$ 973	\$ 734
Net unrealized gains (losses) on cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of \$30 tax benefit and \$83 tax expense, respectively)	(52)	122
Reclassification from AOCI to net income (net of \$21 and \$27 tax benefit, respectively)	(27)	(38)
Net unrealized gains (losses) on available for sale securities:		
Net unrealized gains (losses) on securities still held (net of \$6 tax benefit and \$36 tax expense, respectively)	(13)	51
Reclassification from AOCI to net income (net of \$11 and \$3 tax benefit, respectively)	(14)	(4)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	(2)
Net unrealized gains (losses) on foreign currency translation (net of \$7 tax benefit and \$2 tax expense, respectively)	(14)	3
Comprehensive income of NextEra Energy	<u>\$ 853</u>	<u>\$ 866</u>

Approximately \$12 million of gains included in NextEra Energy's AOCI at June 30, 2010, related to derivative instruments, are expected to be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or principal and/or interest payments are made. Such amount assumes no change in fuel prices, power prices, interest rates or scheduled principal payments. AOCI is separately displayed on the condensed consolidated balance sheets of NextEra Energy. FPL's comprehensive income is the same as its reported net income.

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**7. Variable Interest Entities**

Effective January 1, 2010, NextEra Energy and FPL adopted new accounting guidance which modified the consolidation model in previous guidance and expanded the disclosures related to variable interest entities (VIE). An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity 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. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Upon adoption of this new accounting guidance, neither NextEra Energy nor FPL was required to consolidate any additional VIEs or deconsolidate any VIEs. As of June 30, 2010, NextEra Energy has six VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

*FPL* - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the Florida Public Service Commission (FPSC). FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Four hurricanes in 2005 and three hurricanes in 2004 caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and approximately \$200 million to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$459 million at June 30, 2010 and consisted primarily of storm-recovery property, which is included in securitized storm-recovery costs on NextEra Energy's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately \$562 million at June 30, 2010 and consisted primarily of storm-recovery bonds, which are included in long-term debt on NextEra Energy's and FPL's condensed consolidated balance sheets.

FPL identified a potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a PPA effective in 1994 with this 250 megawatt (mw) coal-fired qualifying facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per mwh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE or whether FPL is the primary beneficiary of the facility. The PPA with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility 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 facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the three months ended June 30, 2010 and 2009, FPL purchased 373,152 mwh and 335,064 mwh, respectively, from the facility at a total cost of approximately \$46 million and \$41 million, respectively. During the six months ended June 30, 2010 and 2009, FPL purchased 735,542 mwh and 808,829 mwh, respectively, from the facility at a total cost of approximately \$91 million and \$83 million, respectively.

Additionally, FPL entered into a PPA effective 1995 with a 330 mw coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are passed on to FPL's customers through the fuel clause as approved by the FPSC.

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In March 2010, FPL terminated its nuclear fuel lease agreements with a VIE from which it had previously leased nuclear fuel. Upon termination of the lease agreements, FPL no longer consolidates the VIE since it no longer has a variable interest in the lessor. Upon deconsolidation, FPL did not recognize any gain or loss and there was no significant effect on NextEra Energy's and FPL's condensed consolidated balance sheets.

*NextEra Energy Resources* - NextEra Energy consolidates four NextEra Energy Resources' VIEs. NextEra Energy Resources is considered the primary beneficiary of these VIEs since NextEra Energy Resources controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

Two of NextEra Energy Resources' VIEs consolidate several entities which own and operate natural gas and/or oil electric generating facilities with the capability of producing a total of 778 mw. These VIEs sell their electric output under power sales contracts to third parties, with expiration dates ranging from 2018 through 2022. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. These VIEs use both third party debt and equity to finance their operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$309 million and \$226 million, respectively, at June 30, 2010 and consisted primarily of property, plant and equipment and long-term debt.

The other two NextEra Energy Resources' VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 768 mw and an entity which owns and operates a 78 mile, 230 kilovolt transmission line. These VIEs sell their electric output under power sales contracts to third parties with expiration dates ranging from 2026 through 2034. The VIEs use both third-party debt and equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$1.2 billion and \$1.2 billion, respectively, at June 30, 2010, and consisted primarily of property, plant and equipment, and a deferred liability associated with the differential membership interests (recorded in other liabilities on NextEra Energy's condensed consolidated balance sheet) and long-term debt.

*Other* - As of June 30, 2010, several NextEra Energy subsidiaries have investments totaling approximately \$629 million (\$419 million at FPL) in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included in special use funds and other investments on NextEra Energy's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. NextEra Energy is considered the primary beneficiary and therefore consolidates one of these entities with total assets of approximately \$50 million. NextEra Energy is considered the primary beneficiary of this entity because FPL and NextEra Energy Resources are each equal and the only investors in this entity, and combined they absorb substantially all of the expected losses and residual returns. With respect to the other entities, NextEra Energy subsidiaries are not the primary beneficiary and therefore do not consolidate any of these entities because NextEra Energy subsidiaries do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

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**8. Common Stock**

*Earnings Per Share* - The reconciliation of NextEra Energy's basic and diluted earnings per share of common stock is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions, except per share amounts)			
Numerator - net income	\$ 417	\$ 370	\$ 973	\$ 734
Denominator:				
Weighted-average number of common shares outstanding - basic	408.9	403.7	408.2	403.0
Restricted stock, performance share awards, options, warrants and equity units <sup>(a)</sup>	2.5	2.7	2.5	2.6
Weighted-average number of common shares outstanding - assuming dilution	411.4	406.4	410.7	405.6
Earnings per share of common stock:				
Basic	\$ 1.02	\$ 0.92	\$ 2.38	\$ 1.82
Assuming dilution	\$ 1.01	\$ 0.91	\$ 2.37	\$ 1.81

(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 was the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable pursuant to equity units and stock options, restricted stock and performance share awards which were not included in the denominator above due to their antidilutive effect were approximately 7.8 million and 0.8 million for the three months ended June 30, 2010 and 2009, respectively, and 8.7 million and 0.9 million for the six months ended June 30, 2010 and 2009, respectively.

*Continuous Offering of NextEra Energy Common Stock* - In January 2009, NextEra Energy entered into an agreement under which NextEra Energy may offer and sell, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During the three and six months ended June 30, 2010, NextEra Energy received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$45 million. Since inception of the agreement through June 30, 2010, NextEra Energy has received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$205 million.

**9. Debt**

As of June 30, 2010, long-term debt issuances and borrowings by subsidiaries of NextEra Energy during 2010 were as follows:

Date Issued	Company	Debt Issued	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	6.56%	\$ 305	2030
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	Variable <sup>(a)(b)</sup>	\$ 255	2027
May 2010	FPL Group Capital	Debentures	2.55% <sup>(b)</sup>	\$ 250	2013
June 2010	NextEra Energy Resources subsidiary	Limited recourse term loan	Variable <sup>(a)</sup>	\$ 78	2015

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements were entered into with respect to these issuances.

**10. Commitments and Contingencies**

*Commitments* - NextEra Energy 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 NextEra Energy Resources, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other primarily include FPL FiberNet, LLC's (FPL FiberNet) costs to meet customer-specific requirements and maintain its fiber-optic network.

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At June 30, 2010, estimated planned capital expenditures for the remainder of 2010 through 2014 were as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
	(millions)					
<b>FPL:</b>						
Generation: <sup>(a)</sup>						
New <sup>(b)(c)</sup>	\$ 550	\$ 1,390	\$ 1,790	\$ 500	\$ 110	\$ 4,340
Existing	235	545	490	490	465	2,225
Transmission and distribution	290	600	695	710	545	2,840
Nuclear fuel	60	200	175	250	205	890
General and other	70	100	120	60	125	475
Total	<u>\$ 1,205</u>	<u>\$ 2,835</u>	<u>\$ 3,270</u>	<u>\$ 2,010</u>	<u>\$ 1,450</u>	<u>\$ 10,770</u>
<b>NextEra Energy Resources:</b>						
Wind <sup>(d)</sup>	\$ 355	\$ 45	\$ 10	\$ 10	\$ 5	\$ 425
Nuclear <sup>(e)</sup>	270	445	315	255	240	1,525
Solar <sup>(f)</sup>	105	530	345	80	-	1,060
Natural gas	20	75	70	45	20	230
Other <sup>(g)</sup>	50	90	60	45	50	295
Total	<u>\$ 800</u>	<u>\$ 1,185</u>	<u>\$ 800</u>	<u>\$ 435</u>	<u>\$ 315</u>	<u>\$ 3,535</u>
<b>Corporate and Other<sup>(h)</sup></b>	<u>\$ 20</u>	<u>\$ 55</u>	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 25</u>	<u>\$ 160</u>

(a) Includes allowance for funds used during construction (AFUDC) of approximately \$28 million, \$47 million, \$80 million, \$86 million and \$31 million in 2010 to 2014, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Includes projects that have received FPSC approval. Includes pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs recoverable through the capacity clause of approximately \$50 million, \$79 million, \$67 million and \$24 million in 2010 to 2013, respectively. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) Consists of capital expenditures for planned new wind projects that have received applicable internal approvals, and related transmission. NextEra Energy Resources plans to add new wind generation of approximately 3,500 mw to 5,000 mw in 2010 through 2014, including 600 mw to 850 mw in 2010, at a total cost of approximately \$7 billion to \$10 billion.

(e) Includes nuclear fuel.

(f) Consists of capital expenditures for planned new solar projects that have received applicable internal approvals. NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014 at a total cost of approximately \$3 billion to \$4 billion.

(g) Consists of capital expenditures that have received applicable internal approvals. NextEra Energy Resources plans to add natural gas infrastructure projects totaling approximately \$400 million to \$600 million in 2010 through 2014.

(h) Consists of capital expenditures that have received applicable internal approvals. Excludes capital expenditures for a transmission line in Texas totaling approximately \$800 million by 2014.

NextEra Energy has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt and guarantees. Additionally, at June 30, 2010, subsidiaries of NextEra Energy, other than FPL, in the normal course of business, have guaranteed certain debt service and fuel payments of non-consolidated entities of NextEra Energy Resources. The terms of the guarantees relating to the non-consolidated entities are equal to the terms of the related agreements/contracts, with remaining terms ranging from less than one year to seven years. The maximum potential amount of future payments that could be required under these guarantees at June 30, 2010 was approximately \$54 million. At June 30, 2010, NextEra Energy did not have any liabilities recorded for these guarantees. In certain instances, NextEra Energy can seek recourse from third parties for amounts paid under the guarantees. At June 30, 2010, the fair value of these guarantees was not material.

**Contracts** - In addition to the estimated planned capital expenditures included in the table in Commitments above, FPL has commitments under 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 1,330 mw annually from mid-2010 through 2015 and 375 mw annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 695 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from December 2010 through 2032. 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 one agreement with an electricity supplier to purchase approximately 155 mw of power with an expiration date of 2012. In general, the agreement requires FPL to make a capacity payment and supply the fuel consumed by the plant under the contract. FPL has contracts with expiration dates through 2032 for the purchase and transportation of natural gas and coal, and storage of natural gas.

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NextEra Energy Resources has entered into contracts primarily for the purchase of wind turbines and towers, solar reflectors, steam turbine generators and heat collection elements and related construction activities, as well as for the supply, conversion, enrichment and fabrication of nuclear fuel, with expiration dates ranging from October 2010 through 2022, approximately \$1.1 billion of which is included in the estimated planned capital expenditures table in Commitments above. In addition, NextEra Energy Resources has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from October 2010 through 2033.

The required capacity and/or minimum payments under the contracts discussed above as of June 30, 2010 were estimated as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>
	(millions)					
FPL:						
Capacity payments: <sup>(a)</sup>						
JEA and Southern subsidiaries	\$ 100	\$ 210	\$ 210	\$ 200	\$ 180	\$ 350
Qualifying facilities	\$ 150	\$ 270	\$ 290	\$ 270	\$ 270	\$ 2,890
Other electricity suppliers	\$ 5	\$ 10	\$ 5	\$ -	\$ -	\$ -
Minimum payments, at projected prices:						
Natural gas, including transportation and storage <sup>(b)</sup>	\$ 1,120	\$ 1,495	\$ 615	\$ 405	\$ 395	\$ 4,475
Oil <sup>(b)</sup>	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ -
Coal <sup>(b)</sup>	\$ 40	\$ 60	\$ 10	\$ -	\$ -	\$ -
NextEra Energy Resources <sup>(c)</sup>	\$ 860	\$ 335	\$ 240	\$ 80	\$ 65	\$ 765

(a) Capacity payments under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$137 million and \$154 million for the three months ended June 30, 2010 and 2009, respectively, and approximately \$286 million and \$307 million for the six months ended June 30, 2010 and 2009, respectively. Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately \$114 million and \$108 million for the three months ended June 30, 2010 and 2009, respectively, and approximately \$213 million and \$204 million for the six months ended June 30, 2010 and 2009, respectively.

(b) Recoverable through the fuel clause.

(c) Includes termination payments associated with wind turbine contracts for projects that have not yet received applicable internal approvals.

In addition, FPL has entered into several long-term agreements for storage capacity and transportation of natural gas from facilities that have not yet started construction or, if started, have not yet completed construction. These agreements range from 15 to 25 years in length and contain firm commitments by FPL totaling up to approximately \$175 million annually or \$4.3 billion over the terms of the agreements. These firm commitments are contingent upon the occurrence of certain events, including completion of construction of the facilities in 2011.

**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, NextEra Energy maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.2 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, NextEra Energy is subject to retrospective assessments of up to \$940 million (\$470 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed \$140 million (\$70 million for FPL) per incident per year. NextEra Energy and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates \$14 million, \$35 million and \$18 million, plus any applicable taxes, per incident, respectively.

NextEra Energy 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. NextEra Energy 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 NextEra Energy's or another participating insured's nuclear plants, NextEra Energy could be assessed up to \$164 million (\$95 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NextEra Energy 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, \$4 million and \$3 million, plus any applicable taxes, respectively.

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Due to the high cost and limited coverage available from third-party insurers, FPL does not have insurance coverage for a substantial portion of its transmission and distribution property and NextEra Energy has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through securitization provisions pursuant to Florida law or through surcharges approved by the FPSC.

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 NextEra Energy and FPL and could have a material adverse effect on NextEra Energy's and FPL's financial condition and results of operations.

*Legal Proceedings* - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, 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. The EPA has made revisions to its civil penalty rule such that the maximum penalty is \$27,500 per day for each violation from January 31, 1997 through March 15, 2004, \$32,500 per day for each violation from March 16, 2004 through January 12, 2009 and \$37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the Supreme Court's decision.

In 1995 and 1996, NextEra Energy, 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. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NextEra Energy 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. NextEra Energy has filed an answer to the complaint. NextEra Energy 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 NextEra Energy, 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 scheduled for trial in June 2011.

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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 (NextEra Energy Resources Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. FPL Energy, LLC, now known as NextEra Energy Resources, was added as a defendant in 2005. The petition alleged that the NextEra Energy Resources Affiliates had contractual obligations to produce and sell to TXU a minimum quantity of renewable energy credits each year during the period from 2002 through 2005 and that the NextEra Energy Resources Affiliates failed to meet this obligation. The plaintiff asserted claims for breach of contract and declaratory judgment and sought damages of approximately \$34 million. Following a jury trial in 2007, among other findings, both TXU and the NextEra Energy Resources Affiliates were found to have breached the contracts. In August 2008, the trial court issued a final judgment holding that the contracts were not terminated and neither party was entitled to recover any damages. In November 2008, TXU appealed the final judgment to the Fifth District Court of Appeals in Dallas, Texas. In an opinion issued in July 2010, the appellate court reversed portions of the trial court's judgment, ruling that TXU is entitled to recover damages for contract breach against the NextEra Energy Resources Affiliates under a liquidated damages provision in the contracts. The appellate court has remanded the case back to the trial court for proceedings to determine the amount of damages payable by the NextEra Energy Resources Affiliates under the liquidated damages provision. As of the date of this report, the NextEra Energy Resources Affiliates plan to seek an en banc rehearing of the appellate court's decision and/or to appeal the decision to the Texas Supreme Court.

NextEra Energy and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NextEra Energy and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which NextEra Energy or FPL has an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the liabilities from which, if any, would be shared by NextEra Energy or FPL. In the event that NextEra Energy and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, 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 NextEra Energy or FPL.

*Regulatory Proceedings* - On March 17, 2010, the FPSC issued its final order (FPSC rate order) with regard to FPL's March 2009 petition requesting, among other things, a permanent base rate increase. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory return on common equity (ROE) of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion for reconsideration and clarification (FPL motion) asking the FPSC to correct specific computational errors in the FPSC rate order (reconsideration errors) and to clarify an apparent inconsistency relating to the computation of the annual depreciation expense used in setting FPL's retail base rates (depreciation inconsistency). Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending. FPL cannot predict the outcome of the FPL motion proceedings before the FPSC, and the outcome could be different from that requested in the FPL motion.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(unaudited)

**11. Segment Information**

NextEra Energy's reportable segments include FPL, a rate-regulated utility, and NextEra Energy Resources, a competitive energy business. Beginning in 2010, NextEra Energy Resources' financial statements include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. These changes were made to reflect an expected average capital structure at FPL Group Capital and more accurately reflect NextEra Energy Resources' operating costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NextEra Energy's segment information is as follows:

	Three Months Ended June 30,							
	2010				2009			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corporate & Other	NextEra Energy Consoli- dated (millions)	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corporate & Other <sup>(c)</sup>	NextEra Energy Consoli- dated
Operating revenues	\$ 2,580	\$ 965	\$ 46	\$ 3,591	\$ 2,864	\$ 911	\$ 36	\$ 3,811
Operating expenses	\$ 2,079	\$ 767	\$ 36	\$ 2,882	\$ 2,468	\$ 710	\$ 28	\$ 3,206
Net income (loss) <sup>(b)</sup>	\$ 265	\$ 154	\$ (2)	\$ 417	\$ 213	\$ 163	\$ (6)	\$ 370

	Six Months Ended June 30,							
	2010				2009			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corporate & Other	NextEra Energy Consoli- dated (millions)	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corporate & Other <sup>(c)</sup>	NextEra Energy Consoli- dated
Operating revenues	\$ 4,908	\$ 2,212	\$ 93	\$ 7,213	\$ 5,437	\$ 2,000	\$ 78	\$ 7,515
Operating expenses	\$ 4,014	\$ 1,478	\$ 73	\$ 5,565	\$ 4,779	\$ 1,486	\$ 62	\$ 6,327
Net income (loss) <sup>(b)</sup>	\$ 456	\$ 521	\$ (4)	\$ 973	\$ 340	\$ 391	\$ 3	\$ 734

	June 30, 2010				December 31, 2009			
	FPL	NextEra Energy Resources	Corporate & Other	NextEra Energy Consoli- dated (millions)	FPL	NextEra Energy Resources	Corporate & Other	NextEra Energy Consoli- dated
Total assets	\$28,414	\$ 20,999	\$ 1,796	\$ 51,209	\$26,812	\$ 20,136	\$ 1,510	\$ 48,458

(a) NextEra Energy Resources' interest expense is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by NextEra Energy Resources subsidiaries is included with debt. Residual non-utility interest expense is included in Corporate and Other.

(b) See Note 5 for a discussion of NextEra Energy Resources' tax benefits related to PTCs.

(c) Segment information restated for the changes listed above.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

**12. Summarized Financial Information of FPL Group Capital**

FPL Group Capital, a 100% owned subsidiary of NextEra Energy, provides funding for, and holds ownership interests in, NextEra Energy'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 NextEra Energy. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended June 30,							
	2010				2009			
	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated
	(millions)							
Operating revenues	\$ -	\$ 1,013	\$ 2,578	\$ 3,591	\$ -	\$ 949	\$ 2,862	\$ 3,811
Operating expenses	(2)	(804)	(2,076)	(2,882)	(1)	(740)	(2,465)	(3,206)
Interest expense	(4)	(156)	(87)	(247)	(4)	(136)	(75)	(215)
Other income (deductions) - net	427	20	(415)	32	382	40	(371)	51
Income (loss) before income taxes	421	73	-	494	377	113	(49)	441
Income tax expense (benefit)	4	(79)	152	77	7	(54)	118	71
Net income (loss)	\$ 417	\$ 152	\$ (152)	\$ 417	\$ 370	\$ 167	\$ (167)	\$ 370

(a) Represents FPL and consolidating adjustments.

	Six Months Ended June 30,							
	2010				2009			
	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated
	(millions)							
Operating revenues	\$ -	\$ 2,310	\$ 4,903	\$ 7,213	\$ -	\$ 2,084	\$ 5,431	\$ 7,515
Operating expenses	(2)	(1,554)	(4,009)	(5,565)	(1)	(1,553)	(4,773)	(6,327)
Interest expense	(8)	(307)	(170)	(485)	(8)	(270)	(148)	(426)
Other income (deductions) - net	989	86	(974)	101	756	31	(725)	62
Income (loss) before income taxes	979	535	(250)	1,264	747	292	(215)	824
Income tax expense (benefit)	6	11	274	291	13	(112)	189	90
Net income (loss)	\$ 973	\$ 524	\$ (524)	\$ 973	\$ 734	\$ 404	\$ (404)	\$ 734

(a) Represents FPL and consolidating adjustments.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

Condensed Consolidating Balance Sheets

	June 30, 2010			December 31, 2009			
	NextEra Energy (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Conso- li- dated	NextEra Energy (Guaran- tor)	FPL Group Capital	NextEra Energy Conso- li- dated
				(millions)			
PROPERTY, PLANT AND EQUIPMENT							
Electric utility plant in service and other property	\$ 19	\$ 20,278	\$ 31,883	\$ 52,180	\$ 2	\$ 19,185	\$ 30,982
Less accumulated depreciation and amortization	-	(3,842)	(10,760)	(14,602)	-	(3,513)	(10,578)
Total property, plant and equipment - net	19	16,436	21,123	37,578	2	15,672	20,404
CURRENT ASSETS							
Cash and cash equivalents	-	450	379	829	-	156	82
Receivables	667	869	489	2,025	453	1,247	547
Other	111	1,493	841	2,445	4	1,258	590
Total current assets	778	2,812	1,709	5,299	457	2,661	1,219
OTHER ASSETS							
Investment in subsidiaries	13,299	-	(13,299)	-	12,785	-	(12,785)
Other	378	3,507	4,447	8,332	557	3,257	4,229
Total other assets	13,677	3,507	(8,852)	8,332	13,342	3,257	(8,556)
TOTAL ASSETS	\$ 14,474	\$ 22,755	\$ 13,980	\$ 51,209	\$ 13,801	\$ 21,590	\$ 13,067
CAPITALIZATION							
Common shareholders' equity	\$ 13,529	\$ 4,272	\$ (4,272)	\$ 13,529	\$ 12,967	\$ 4,349	\$ (4,349)
Long-term debt	-	10,879	6,292	17,171	-	10,506	5,794
Total capitalization	13,529	15,151	2,020	30,700	12,967	14,855	1,445
CURRENT LIABILITIES							
Debt due within one year	-	2,090	932	3,022	-	1,729	860
Accounts payable	6	438	872	1,316	-	453	539
Other	471	1,212	1,105	2,788	417	1,170	1,281
Total current liabilities	477	3,740	2,909	7,126	417	3,352	2,680
OTHER LIABILITIES AND DEFERRED CREDITS							
Asset retirement obligations	-	566	1,881	2,447	-	585	1,833
Accumulated deferred income taxes	149	1,512	3,581	5,242	94	1,318	3,448
Regulatory liabilities	15	-	3,110	3,125	16	-	3,166
Other	304	1,786	479	2,569	307	1,480	495
Total other liabilities and deferred credits	468	3,864	9,051	13,383	417	3,383	8,942
COMMITMENTS AND CONTINGENCIES							
TOTAL CAPITALIZATION AND LIABILITIES	\$ 14,474	\$ 22,755	\$ 13,980	\$ 51,209	\$ 13,801	\$ 21,590	\$ 13,067

(a) Represents FPL and consolidating adjustments.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Concluded)**  
**(unaudited)**

Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30,						
	2010			2009			
	NextEra Energy (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	FPL Group Capital	NextEra Energy Consoli- dated
				(millions)			
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 487	\$ 723	\$ 538	\$ 1,748	\$ 361	\$ 833	\$ 2,144
CASH FLOWS FROM INVESTING ACTIVITIES							
Capital expenditures, independent power and other investments and nuclear fuel purchases	-	(1,271)	(1,486)	(2,757)	-	(1,196)	(2,445)
Capital contribution to FPL	(135)	-	135	-	-	-	-
Cash grants under the Recovery Act	-	426	85	511	-	-	-
Other - net	-	(15)	(22)	(37)	(53)	(28)	24
Net cash used in investing activities	(135)	(860)	(1,288)	(2,283)	(53)	(1,224)	(2,421)
CASH FLOWS FROM FINANCING ACTIVITIES							
Issuances of long-term debt	-	1,071	514	1,585	-	1,879	2,372
Retirements of long-term debt	-	(247)	(22)	(269)	-	(1,069)	(1,314)
Sale of differential membership interests	-	190	-	190	-	-	-
Net change in short-term debt	-	(125)	71	(54)	-	(718)	(743)
Issuances of common stock	69	-	-	69	83	-	83
Dividends on common stock	(410)	-	-	(410)	(382)	-	(382)
Other - net	(11)	(458)	484	15	(9)	62	2
Net cash provided by (used in) financing activities	(352)	431	1,047	1,126	(308)	154	18
Net increase (decrease) in cash and cash equivalents	-	294	297	591	-	(237)	(259)
Cash and cash equivalents at beginning of period	-	156	82	238	-	414	535
Cash and cash equivalents at end of period	\$ -	\$ 450	\$ 379	\$ 829	\$ -	\$ 177	\$ 276

(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 2009 Form 10-K for NextEra Energy 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 period.

### Results of Operations

NextEra Energy and NextEra Energy Resources segregate into two categories unrealized mark-to-market gains and losses on energy derivative transactions which are used to manage commodity price risk. The first category, referred to as trading activities, represents the net unrealized effect of actively traded positions entered into to optimize the value of generation assets and related contracts and to take advantage of market price movements. 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 or for which hedge accounting has not been elected, and the ineffective portion of transactions accounted for as cash flow hedges. In January 2010, NextEra Energy and NextEra Energy Resources discontinued hedge accounting for their cash flow hedges related to commodity derivative instruments, which could result in increased volatility in the non-qualifying hedge category in future periods. The change in fair value of these commodity derivative instruments after hedge accounting was discontinued resulted in \$24 million of after-tax net unrealized mark-to-market losses and \$24 million of after-tax net unrealized mark-to-market gains in the non-qualifying hedge category for the three and six months ended June 30, 2010, respectively. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. See Note 2.

NextEra Energy's management uses earnings excluding certain items (adjusted earnings) internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as input in determining whether performance targets are met for performance-based compensation under NextEra Energy's employee incentive compensation plans. NextEra Energy also uses adjusted earnings when communicating its earnings outlook to investors. Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges and other than temporary impairment (OTTI) losses on securities held in NextEra Energy Resources' nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). NextEra Energy'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. Adjusted earnings do not represent a substitute for net income, as prepared in accordance with generally accepted accounting principles.

*Summary* - Presented below is a summary of net income (loss) by reportable segment (see Note 11). Beginning in 2010, NextEra Energy Resources' results include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. NextEra Energy's other reportable segment, FPL, a rate-regulated utility, was not affected by these changes. Prior year segment data of NextEra Energy Resources and Corporate and Other has been restated to include the effect of these changes. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
FPL	\$ 265	\$ 213	\$ 52	\$ 456	\$ 340	\$ 116
NextEra Energy Resources	154	163	(9)	521	391	130
Corporate and Other	(2)	(6)	4	(4)	3	(7)
NextEra Energy Consolidated	<u>\$ 417</u>	<u>\$ 370</u>	<u>\$ 47</u>	<u>\$ 973</u>	<u>\$ 734</u>	<u>\$ 239</u>

The increase in FPL's results for the three and six months ended June 30, 2010 reflects higher retail customer usage, a retail base rate increase resulting from the placement in service of West County Energy Center (WCEC) Units Nos. 1 and 2, the impact of the FPSC rate order and higher cost recovery clause results, partly offset by higher operations and maintenance (O&M) expenses and lower equity component of AFUDC (AFUDC - equity). The increase in retail customer usage reflects, compared to the prior year period, colder weather in the first quarter and warmer weather in the second quarter, and other factors.

On March 17, 2010, the FPSC rate order was issued with regard to FPL's March 2009 petition requesting, among other things, a permanent base rate increase. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion asking the FPSC to correct the reconsideration errors and to clarify the depreciation inconsistency. See Note 10 - Regulatory Proceedings. Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending. FPL cannot predict the outcome of the FPL motion proceedings before the FPSC, and the outcome could be different from that requested in the FPL motion.

FPL suspended activity on the modernization of its Cape Canaveral and Riviera Beach power plants in January 2010 in order to appropriately evaluate the impact of the rate case decision, including its effect on FPL's credit quality and implications for the cost of capital. Following an in-depth analysis, FPL subsequently determined that it is appropriate to move ahead with the modernizations of its Cape Canaveral and Riviera Beach power plants. The units are expected to go into service in 2013 and 2014, respectively, as originally planned, and are expected to provide customers with substantial savings over the life of the plants. FPL had also suspended activity on its proposed natural gas pipeline. FPL believes Florida needs a third natural gas pipeline to enhance fuel security and give customers access to additional markets. However, given a revised load forecast, new natural gas transport capacity is not projected to be needed until the 2015 to 2016 timeframe. As a result, FPL expects to evaluate options in 2011 for developing a third pipeline in the future. FPL expects to continue a stepwise approach to development activities regarding the additional two nuclear units at FPL's Turkey Point site with the focus on obtaining the combined operating license. The plan is not to proceed with construction of the additional two nuclear units until at least the combined operating license is obtained. If constructed, FPL expects the in-service dates of the two additional nuclear units to be 2022 and 2023. FPL is also evaluating whether to apply for a federal government loan guarantee for construction of the additional nuclear units. The effect of the decisions discussed above and those regarding other infrastructure projects are reflected in FPL's planned capital expenditures. See Note 10 - Commitments.

NextEra Energy Resources' results for the three months ended June 30, 2010 reflect earnings from new investments, higher wind resource, higher-priced hedges at Seabrook and a gain from the sale of a coal-fired project, offset by higher expenses to support the growth of the business. NextEra Energy Resources' results for the six months ended June 30, 2010 reflect earnings from new investments, gains from the sale of a power supply contract, a waste-to-energy project and a coal-fired project, offset by lower earnings from the existing portfolio, reflecting unfavorable market conditions, the absence of the state and foreign tax benefits (see Note 5) recorded in the prior year and higher expenses to support the growth of the business. In addition, NextEra Energy Resources' net income reflects the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions)			
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity	\$ (36)	\$ (31)	\$ 131	\$ (1)
OTTI after-tax losses on securities held in nuclear decommissioning funds	\$ 8	\$ -	\$ 10	\$ 31
OTTI after-tax reversals	\$ 3	\$ -	\$ 9	\$ 2

The change in unrealized mark-to-market activity from non-qualifying hedges 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 or losses as the underlying transactions were 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.

The increase in results for Corporate and Other for the three months ended June 30, 2010 reflects higher consolidating income tax benefits and higher interest income, partly offset by a write-down to fair value in the residual value of assets held under leveraged leases. The decrease in results for Corporate and Other for the six months ended June 30, 2010 reflects the leveraged leases write-down and higher interest expense, partly offset by the absence of consolidating income tax expenses.

NextEra Energy's effective income tax rate for the three and six months ended June 30, 2010 was approximately 16% and 23%, respectively; NextEra Energy's effective income tax rate for the corresponding periods in 2009 was 16% and 11%. These rates reflect PTCs for wind projects at NextEra Energy Resources and deferred tax benefits associated with convertible ITCs under the Recovery Act. PTCs and deferred tax benefits associated with convertible ITCs can significantly affect NextEra Energy's effective income tax rate depending on the amount of pretax income. PTCs can be significantly affected by wind generation. PTCs for the three and six months ended June 30, 2010 were approximately \$89 million and \$164 million, respectively, and \$69 million and \$141 million for the comparable periods in 2009. PTCs reflect higher wind production eligible for PTCs and an increase in the per kwh federal rate. See Note 5. The increase in the effective income tax rate for the six months ended June 30, 2010 was primarily due to the effect of higher pretax income, due in part to higher net unrealized mark-to-market gains from non-qualifying hedge activity, and the absence of the foreign and state tax benefits recorded in 2009.

FPL - FPL's net income for the three months ended June 30, 2010 and 2009 was \$265 million and \$213 million, respectively, an increase of \$52 million. FPL's net income for the six months ended June 30, 2010 and 2009 was \$456 million and \$340 million, respectively, an increase of \$116 million. See Summary above for a discussion of the major drivers of these increases.

FPL's operating revenues consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions)			
Retail base	\$ 1,077	\$ 966	\$ 2,010	\$ 1,759
Fuel cost recovery	1,074	1,446	1,692	2,771
Net deferral of retail fuel revenues	-	(24)	-	(24)
Net repayment of previously deferred retail fuel revenues	-	-	356	-
Other cost recovery clauses and pass-through costs	383	429	756	833
Other, primarily pole attachment rentals, transmission and wholesale sales and customer-related fees	46	47	94	98
Total	<u>\$ 2,580</u>	<u>\$ 2,864</u>	<u>\$ 4,908</u>	<u>\$ 5,437</u>

For the three months ended June 30, 2010, a 0.5% increase in the average number of customer accounts increased retail base revenues by approximately \$5 million, while a 2.5% increase in usage per retail customer, reflecting warmer weather compared to the prior year period and other factors, increased retail base revenues by approximately \$18 million. For the six months ended June 30, 2010, a 0.3% increase in the average number of customer accounts increased retail base revenues by approximately \$7 million, while a 4.3% increase in usage per retail customer, reflecting cold weather experienced in the first quarter and warmer weather in the second quarter and other factors, increased retail base revenues by approximately \$91 million. Base rate increases resulting from WCEC Units Nos. 1 and 2 commencing commercial operation in August and November 2009, respectively, and the base rate increase pursuant to the FPSC rate order increased retail base revenues for the three months ended June 30, 2010 by approximately \$68 million and \$20 million, respectively; the corresponding amounts for the six months ended June 30, 2010 were \$126 million and \$27 million.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return allowed to be recovered through the cost recovery clauses on certain assets, primarily solar, environmental and nuclear capacity additions. For the three months ended June 30, 2010 and 2009, cost recovery clauses contributed \$16 million and \$9 million, respectively, to FPL's net income; the corresponding amounts for the six months ended June 30, 2010 and 2009, were \$34 million and \$17 million. In 2010, it is expected that an additional portion of FPL's earnings will be realized through cost recovery clauses as a result of the allowed rate of return on incremental solar, environmental and nuclear capacity expenditures primarily related to the addition of baseload capacity at FPL's existing nuclear units at St. Lucie and Turkey Point, partly offset by a lower allowed rate of return applied to solar and environmental expenditures as a result of the FPSC rate order. Underrecovery or overrecovery of such cost recovery clause and pass-through costs can significantly affect NextEra Energy'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 in the condensed consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity additions until such capacity goes into service, pre-construction costs associated with the development of two additional units at the Turkey Point site and changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes and other, respectively, in the condensed consolidated statements of income.

FPL uses a risk management fuel procurement program which was approved by the FPSC at the program's inception. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The current regulatory asset for the change in fair value of derivative instruments used in the fuel procurement program amounted to approximately \$245 million and \$68 million at June 30, 2010 and December 31, 2009, respectively. Pursuant to an FPSC order, FPL was required to refund in the form of a one-time credit to retail customers' bills the 2009 year-end estimated fuel overrecovery; during the first quarter of 2010, approximately \$404 million was refunded to retail customers. At December 31, 2009, approximately \$356 million of retail fuel revenues were overrecovered, the reversal of which is reflected in the net repayment of previously deferred retail fuel revenues caption included in the table above. The difference between the refund and the December 31, 2009 overrecovery will be collected from retail customers in a subsequent period. The decrease in fuel revenues for the three months ended June 30, 2010 reflects approximately \$391 million related to a lower average fuel factor, partly offset by \$19 million attributable to higher energy sales. The decrease in fuel revenues for the six months ended June 30, 2010 reflects the \$404 million refund and approximately \$753 million related to a lower average fuel factor, partly offset by \$78 million attributable to higher energy sales. The decrease from December 31, 2009 to June 30, 2010 in deferred clause and franchise revenues and the increase in deferred clause and franchise expenses (current and noncurrent, collectively) on NextEra Energy's and FPL's condensed consolidated balance sheets totaled approximately \$600 million and negatively affected NextEra Energy's and FPL's cash flows from operating activities for the six months ended June 30, 2010.

The decrease in revenues from other cost recovery clauses and pass-through costs for the three and six months ended June 30, 2010 is primarily due to lower revenues associated with the FPSC's nuclear cost recovery rule, reflecting lower expenditures primarily related to two proposed nuclear units at FPL's Turkey Point site. FPL recovers, under the FPSC's nuclear cost recovery rule through levelized charges under the capacity clause, pre-construction costs associated with the development of two additional units at the Turkey Point site and carrying charges (equal to a pretax AFUDC rate) on construction costs associated with the addition of baseload capacity at its existing nuclear units. The same rule provides for the recovery of construction costs, once the new capacity goes into service, through a base rate increase.

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions)			
Fuel and energy charges during the period	\$ 1,267	\$ 1,433	\$ 2,274	\$ 2,517
Net collection of previously deferred retail fuel costs	-	1	-	256
Net deferral of retail fuel costs	(195)	-	(220)	-
Other, primarily capacity charges, net of any capacity deferral	133	120	258	251
Total	<u>\$ 1,205</u>	<u>\$ 1,554</u>	<u>\$ 2,312</u>	<u>\$ 3,024</u>

The decrease in fuel and energy charges for the three months ended June 30, 2010 reflects lower fuel and energy prices of approximately \$207 million, partly offset by approximately \$41 million attributable to higher energy sales. The decrease in fuel and energy charges for the six months ended June 30, 2010 reflects lower fuel and energy prices of approximately \$338 million, partly offset by approximately \$95 million attributable to higher energy sales.

FPL's O&M expenses increased \$48 million for the three months ended June 30, 2010 reflecting an approximately \$20 million charge for workforce reductions in the second quarter of 2010 and higher nuclear and fossil generation, distribution, employee benefit and insurance costs of approximately \$8 million, \$3 million, \$7 million, \$8 million and \$3 million, respectively. FPL's O&M expenses increased \$82 million for the six months ended June 30, 2010 reflecting the \$20 million charge for workforce reductions and higher nuclear and fossil generation, distribution and insurance costs of approximately \$25 million, \$19 million, \$16 million and \$6 million, respectively, partly offset by lower customer service costs, primarily due to lower uncollectible accounts, of \$5 million. The increase in FPL's O&M expenses for the three and six months ended June 30, 2010 was partially offset by the absence of a reserve established in the prior year associated with a regulatory matter. The increase in nuclear generation costs is primarily due to higher maintenance costs and, for the six-month period, reflects a reimbursement in 2009 of prior years' costs of approximately \$10 million related to a spent nuclear fuel litigation settlement agreement with the U.S. Government. The increase in fossil generation costs is primarily due to costs related to WCEC Units Nos. 1 and 2, which units were placed in service in the second half of 2009 and, for the six-month period, higher plant overhaul costs. The increase in distribution costs reflects additional tree trimming costs and, for the six-month period, higher restoration costs incurred primarily during cold weather experienced in January 2010. Insurance costs reflect higher nuclear insurance costs. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income. Management expects O&M expenses, excluding pass-through O&M costs, in 2010 to exceed the 2009 level primarily due to higher nuclear and fossil generation, transmission and distribution costs, higher employee benefit and nuclear insurance costs and the charge for workforce reductions.

Depreciation and amortization expense for the three and six months ended June 30, 2010 decreased \$80 million and \$101 million, respectively, reflecting lower cost recovery clause and other pass-through costs of approximately \$57 million and \$72 million, respectively, which did not significantly affect net income. The remaining change in depreciation and amortization expense was primarily driven by amortization of a depreciation reserve surplus over a four-year period and other depreciation and amortization changes pursuant to the FPSC rate order and the FPL motion, partly offset by the cessation of a \$125 million annual reduction in depreciation and amortization expense which FPL had been recording since 2002 and higher plant in service balances.

Taxes other than income taxes and other decreased \$8 million and \$34 million for the three and six months ended June 30, 2010, respectively, primarily due to lower franchise fees and revenue taxes, which are pass-through costs, partly offset by higher property taxes of \$8 million and \$19 million, respectively, reflecting growth in plant in service balances. The decline in franchise fees and revenue taxes reflects the decline in fuel revenues.

Interest expense for the three and six months ended June 30, 2010 reflects higher average debt balances, as well as lower allowance for borrowed funds used during construction. The decrease in AFUDC - equity for the three and six months ended June 30, 2010 is primarily attributable to lower AFUDC - equity on WCEC Units Nos. 1 and 2, which units went into service in the second half of 2009, partly offset by additional AFUDC - equity on WCEC Unit No. 3. The decrease in AFUDC - equity also reflects a decline, effective April 1, 2010, in the AFUDC rate from 7.41% to 6.41%, as approved by the FPSC.

FPL is currently constructing WCEC Unit No. 3, a natural gas-fired combined-cycle unit of approximately 1,220 mw, which is expected to be placed in service by mid-2011. In addition, FPL is in the process of adding approximately 400 mw to 460 mw of baseload capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service from 2011 to 2013. FPL is also constructing a 75 mw solar thermal facility in Martin County, Florida, which is expected to be in service by the end of 2010. FPL is in the process of modernizing its Cape Canaveral and Riviera Beach power plants to high-efficiency natural gas-fired units and expects the units to be placed in service by 2013 and 2014, respectively. Each modernized plant is expected to provide approximately 1,200 mw of capacity. A 10 mw solar photovoltaic facility in Brevard County, Florida was placed in service in April 2010.

*NextEra Energy Resources* - NextEra Energy Resources' 2009 segment results have been restated to reflect a change in the method of allocating non-utility interest expense and the allocation of shared service costs. See Summary above and Note 11 for additional discussion. NextEra Energy Resources' net income for the three months ended June 30, 2010 and 2009 was \$154 million and \$163 million, respectively, a decrease of \$9 million. NextEra Energy Resources' net income for the six months ended June 30, 2010 and 2009 was \$521 million and \$391 million, respectively, an increase of \$130 million. The primary drivers, on an after-tax basis, of these changes were as follows:

	Increase (Decrease) From Prior Period	
	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
	(millions)	
New investments <sup>(a)</sup>	\$ 12	\$ 24
Existing assets <sup>(a)</sup>	5	(28)
Wholesale marketing and trading	1	12
Asset sales	5	15
Interest expense, differential membership costs and other	(22)	(53)
Change in unrealized mark-to-market non-qualifying hedge activity <sup>(b)(c)</sup>	(5)	132
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals <sup>(c)</sup>	(5)	28
Net income increase (decrease)	<u>\$ (9)</u>	<u>\$ 130</u>

(a) Includes PTCs and ITCs on wind projects and ITCs on solar projects and, for new investments, deferred tax benefits associated with convertible ITCs (see Note 5) but does not include allocation of interest expense or corporate general and administrative expenses. 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 thirteenth month of operation.

(b) See Note 2 and discussion above related to derivative instruments.

(c) See tables in Summary above for additional detail.

The increase in NextEra Energy Resources' results from new investments reflects the addition of approximately 1,460 mw of wind generation during or after the three and six months ended June 30, 2009. Results for the three-month period from NextEra Energy Resources' existing asset portfolio increased primarily due to higher results of \$7 million associated with existing wind projects primarily due to a higher wind resource across the portfolio and favorable results in the New England Power Pool (NEPOOL) region of \$10 million due principally to favorable results at Seabrook resulting from higher-priced hedges. These results were partially offset by unfavorable results in the Electric Reliability Council of Texas (ERCOT) region due primarily to unfavorable market conditions, unfavorable results in the PJM Interconnection, L.L.C. (PJM) region due to a planned outage and lower results at NextEra Energy Resources' retail energy provider. Results for the six-month period from NextEra Energy Resources' existing asset portfolio decreased primarily due to lower results of \$40 million associated with existing wind projects primarily due to unfavorable prices and the absence of the state tax benefit (see Note 5) and unfavorable results in the ERCOT region of \$15 million due primarily to unfavorable market conditions. These results were partially offset by favorable results in the NEPOOL region of \$23 million due principally to favorable results at Seabrook resulting from higher-priced hedges. Substantially all of the expected 2010 results from NextEra Energy Resources' existing assets are hedged against fluctuations in commodity prices.

The increase in NextEra Energy Resources' results from wholesale marketing and trading in the six-month period is primarily due to a gain from the sale of a power supply contract that NextEra Energy Resources entered into in 2009. Wholesale marketing and trading includes 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.

For the three- and six-month periods, the asset sales include an after-tax gain of approximately \$5 million on a coal-fired project. For the six-month period, the asset sales also include an after-tax gain of approximately \$11 million recorded in 2010 on a waste-to-energy project sold in 2009, partly offset by a gain from the sale of wind development rights in 2009.

The increase in interest expense, differential membership costs and other for the three- and six-month periods reflects increased costs due to growth of the business. For the six-month period, the increase also reflects the absence of the state tax benefit and the foreign tax benefit which were recorded in 2009 (see Note 5).

Operating revenues for the three months ended June 30, 2010 increased \$54 million primarily due to higher revenues in the NEPOOL region (\$58 million) primarily due to higher-priced hedges, project additions (\$44 million) and a higher wind resource. These were partially offset by losses of \$113 million on unrealized mark-to-market non-qualifying hedge activity in 2010 compared to \$58 million of losses in 2009. Operating revenues for the six months ended June 30, 2010 increased \$212 million primarily due to higher operating revenues at NextEra Energy Power Marketing, LLC (PMI), a subsidiary of NextEra Energy Resources that buys and sells wholesale energy commodities, and NextEra Energy Resources' retail energy provider (collectively, approximately \$110 million), project additions (\$82 million), and higher revenues in the NEPOOL region (\$80 million) primarily due to higher-priced hedges, partially offset by a lower wind resource and unfavorable market conditions in the PJM region.

Operating expenses for the three months ended June 30, 2010 increased \$57 million, primarily reflecting higher fuel costs of approximately \$49 million, principally in the NEPOOL region, higher costs for project additions of approximately \$23 million and higher corporate and other operating expenses of \$6 million to support the growth of the business. This was partially offset by \$51 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$7 million of gains in 2009. Operating expenses for the six months ended June 30, 2010 decreased \$8 million, primarily reflecting \$178 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$32 million of losses in 2009. This was partially offset by higher fuel costs of approximately \$111 million, principally at PMI and NextEra Energy Resources' retail provider, higher costs for project additions of approximately \$48 million and higher corporate and other operating expenses of \$15 million to support the growth of the business.

NextEra Energy Resources' interest expense for the three and six months ended June 30, 2010 increased \$16 million and \$25 million, respectively, primarily due to increased borrowings to support the growth of the business. Gains on disposal of assets - net in NextEra Energy's condensed consolidated statements of income for the three and six months ended June 30, 2010 reflect \$9 million and \$28 million, respectively, of gains on sales of securities held in NextEra Energy Resources' nuclear decommissioning funds; corresponding gains for the three and six months ended June 30, 2009 were \$3 million and \$9 million. In addition, gains on disposal of assets - net for the six months ended June 30, 2010 also reflect a pretax gain of \$18 million on the sale of the waste-to-energy project.

See Summary above and Note 5 for a discussion of PTCs, deferred tax benefits associated with convertible ITCs and NextEra Energy's effective income tax rates for the three and six months ended June 30, 2010 and 2009.

NextEra Energy Resources expects its future portfolio capacity growth to come primarily from wind and solar development and from asset acquisitions. NextEra Energy Resources plans to add a total of approximately 600 mw to 850 mw of new wind generation in 2010, of which 99 mw were placed in service in April 2010 and approximately 440 mw are under construction. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation in 2010 through 2014. In April 2010, NextEra Energy Resources was awarded 148 mw of wind projects in Ontario, Canada, as part of the province's Feed-in Tariff program, which projects are expected to be in service in 2011. In addition, NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014. Currently, in the United States, 31 states and the District of Columbia have renewable portfolio standards requiring electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. NextEra Energy Resources believes that these standards will create incremental demand for renewable energy in the future.

*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 non-utility interest expense and shared service costs to NextEra Energy Resources. See Summary above and Note 11 for a discussion regarding a change, beginning in 2010, in the method of allocating non-utility interest expense, the allocation of shared service costs and the restatement of the prior year segment results of Corporate and Other. For purposes of allocating non-utility interest expense, the deferred credit associated with differential membership interests sold by NextEra Energy Resources subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(millions)			
Interest expense, net of allocations to NextEra Energy Resources	\$ (14)	\$ (12)	\$ (29)	\$ (22)
Interest income	14	7	22	20
Federal and state income tax benefits (expenses)	3	(7)	-	(13)
Other	(5)	6	3	18
Net income (loss)	<u>\$ (2)</u>	<u>\$ (6)</u>	<u>\$ (4)</u>	<u>\$ 3</u>

The increase in interest expense for the three and six months ended June 30, 2010 reflects additional debt outstanding, partly offset by lower average interest rates of approximately 52 basis points and 45 basis points, respectively, and a higher allocation of interest costs to NextEra Energy Resources. The increase in interest income for the three months ended June 30, 2010 reflects higher interest income on unrecognized tax benefits. Interest income for the three and six months ended June 30, 2010 also reflects higher interest earned on an energy-related loan made to a third party by an FPL Group Capital subsidiary. The federal and state income tax benefits and expenses reflect consolidating income tax adjustments. Other includes all other corporate income and expenses, as well as other business activities. The decline in other for the three and six months ended June 30, 2010 is primarily due to a \$12 million after-tax write-down to fair value in the residual value of assets held under leveraged leases; the pretax amount of the write-down of \$18 million is reflected in Other - net in NextEra Energy's condensed consolidated statements of income.

## Liquidity and Capital Resources

NextEra Energy and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem or repurchase outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of internally generated funds, borrowings, and the issuance, from time to time, of debt and equity securities, consistent with NextEra Energy's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NextEra Energy, FPL and FPL Group Capital rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NextEra Energy, FPL and FPL Group Capital to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

The global and domestic credit and capital markets experienced unprecedented levels of volatility and disruption in the recent past. This significantly affected the cost and available sources of liquidity in the financial markets. FPL and FPL Group Capital have continued to have access to commercial paper and short- and long-term credit and capital markets. If capital and credit market conditions change, this could alter spending plans at FPL and NextEra Energy Resources.

*Available Liquidity* - At June 30, 2010, NextEra Energy's total net available liquidity was approximately \$5.2 billion, of which FPL's portion was approximately \$2.7 billion. The components of each company's net available liquidity at June 30, 2010 were as follows:

	FPL	FPL Group Capital (millions)	NextEra Energy Consoli- dated	Maturity Date	
				FPL	FPL Group Capital
Bank revolving line of credit facilities <sup>(a)</sup>	\$ 2,973	\$ 3,917	\$ 6,890	(b)	(b)
Less letters of credit	(3)	(771)	(774)		
	<u>2,970</u>	<u>3,146</u>	<u>6,116</u>		
Revolving term loan facility	250	-	250	2011	
Less borrowings	(250)	-	(250)		
	<u>-</u>	<u>-</u>	<u>-</u>		
Subtotal	2,970	3,146	6,116		
Cash and cash equivalents	379	450	829		
Less commercial paper	(639)	(1,077)	(1,716)		
Net available liquidity	<u>\$ 2,710</u>	<u>\$ 2,519</u>	<u>\$ 5,229</u>		

(a) Provide for the issuance of letters of credit up to \$6,390 million (\$2,473 million for FPL). The entire amount of the facilities is available to support FPL's and FPL Group Capital's commercial paper programs and short-term borrowings 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. FPL's bank revolving line of credit facilities are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

(b) \$17 million of FPL's and \$40 million of FPL Group Capital's bank revolving line of credit facilities expire in 2012. The remaining portion of bank revolving line of credit facilities for FPL and FPL Group Capital expires in 2013.

As of July 30, 2010, 49 banks participate in FPL's and FPL Group Capital's bank revolving line of credit facilities and FPL's revolving term loan facility, with no one bank providing more than 8% of the combined bank revolving line of credit facilities and FPL's revolving term loan facility. In order for FPL Group Capital to borrow under the terms of its bank revolving line of credit facility, NextEra Energy (which guarantees the payment of FPL Group Capital's bank revolving line of credit facility pursuant to a 1998 guarantee agreement) is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL Group Capital bank revolving line of credit facility also contains default and related acceleration provisions relating to, among other things, failure of NextEra Energy to maintain a ratio of funded debt to total capitalization at or below the specified ratio. Similarly, in order for FPL to borrow under the terms of its bank revolving line of credit facilities and revolving term loan facility, FPL is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL bank revolving line of credit facilities and revolving term loan facility also contain default and related acceleration provisions relating to, among other things, failure of FPL to maintain a ratio of funded debt to total capitalization at or below the specified ratio. At June 30, 2010, each of NextEra Energy and FPL was in compliance with its required ratio.

In January 2009, NextEra Energy entered into an agreement under which NextEra Energy may offer and sell, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During the three and six months ended June 30, 2010, NextEra Energy received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$45 million. Since inception of the agreement through June 30, 2010, NextEra Energy has received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$205 million.

At June 30, 2010, FPL had the capacity to absorb up to approximately \$202 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC. Also, an indirect wholly-owned subsidiary of NextEra Energy Resources has established an \$80 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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Financial Reform Act) was enacted into law on July 21, 2010. The Financial Reform Act includes, among other things, provisions that require certain over-the-counter derivative transactions to be executed by certain types of entities through an exchange or centrally cleared. In addition, the Financial Reform Act provides an exemption from mandatory clearing requirements for transactions entered into by non-swap dealers or non-major swap participants and other non-financial entities, as defined in the Financial Reform Act, that are used to hedge commercial risk. The Financial Reform Act also includes provisions under which the U.S. Commodity Futures Trading Commission (CFTC) may impose capital and margin requirements on certain entities for transactions, including those that are used to hedge commercial risk. However, key legislators indicated that it was not their intention to impose capital and margin requirements on counterparties that are eligible to utilize transactions to hedge commercial risk. Final rules on over-the-counter derivative-related provisions of the Financial Reform Act will be established through CFTC and SEC rulemakings within 360 days after the date of enactment. If, as a result of the rulemaking associated with the Financial Reform Act, FPL and NextEra Energy Resources do not qualify for the exemption related to clearing and margining requirements, FPL and NextEra Energy Resources would be subject to higher margin requirements. NextEra Energy and FPL are currently unable to assess the impact of the provisions of the Financial Reform Act on their businesses pending issuance of the final regulations implementing the provisions of the Financial Reform Act.

*Letters of Credit, Surety Bonds and Guarantees* - NextEra Energy and FPL obtain letters of credit and surety bonds, and issue guarantees to facilitate commercial transactions with third parties and financings. At June 30, 2010, NextEra Energy had approximately \$961 million of standby letters of credit (\$13 million for FPL), approximately \$82 million of surety bonds (\$51 million for FPL) and approximately \$9.0 billion notional amount of guarantees (\$44 million for FPL), of which approximately \$6.9 billion (\$23 million for FPL) letters of credit and guarantees have expiration dates within the next five years. An aggregate of approximately \$774 million (\$3 million for FPL) of the standby letters of credit at June 30, 2010 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity above. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for wind development, nuclear activities and other contractual agreements. Each of NextEra Energy and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds and guarantees. Accordingly, at June 30, 2010, NextEra Energy and FPL did not have any liabilities recorded for these letters of credit, surety bonds and guarantees. In addition, NextEra Energy has guaranteed certain payment obligations of FPL Group Capital, including most of its debt and 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 NextEra Energy Resources and its subsidiaries. See Note 10 - Commitments.

*Shelf Registration* - In August 2009, NextEra Energy, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement with the SEC for an unspecified amount of securities. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of July 30, 2010, 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, junior subordinated debentures, first mortgage bonds, preferred trust securities, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of July 30, 2010, NextEra Energy and FPL Group Capital had approximately \$4.0 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had \$2.0 billion of board-authorized available capacity.

**Credit Ratings** - At July 30, 2010, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had assigned the following credit ratings to NextEra Energy, FPL and FPL Group Capital:

	Moody's <sup>(a)</sup>	S&P <sup>(a)</sup>	Fitch <sup>(a)</sup>
NextEra Energy: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
FPL: <sup>(b)</sup>			
Corporate credit rating	A2	A-	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	VMIG-1	A	A+
Commercial paper	P-1	A-2	F1
FPL Group Capital: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F1

(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 stable, stable and negative, respectively.

NextEra Energy and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the line of credit facilities maintained by FPL and FPL Group Capital, the maintenance of a specific minimum credit rating is not a condition to drawing on those credit facilities. Commitment fees and interest rates on loans under the line of credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities. In addition, a ratings downgrade could result in the requirement that NextEra Energy subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and FPL Group Capital's bank revolving line of credit facilities are available to support these potential requirements. See Available Liquidity above.

**Cash Flow** - The changes in cash and cash equivalents are summarized as follows:

	NextEra Energy		FPL	
	Six Months Ended June 30,			
	2010	2009	2010	2009
	(millions)			
Net cash provided by operating activities	\$ 1,748	\$ 2,144	\$ 1,016	\$ 1,276
Net cash used in investing activities	(2,283)	(2,421)	(1,416)	(1,198)
Net cash provided by (used in) financing activities	1,126	18	696	(99)
Net increase (decrease) in cash and cash equivalents	\$ 591	\$ (259)	\$ 296	\$ (21)

NextEra Energy's cash and cash equivalents increased for the six months ended June 30, 2010 reflecting cash generated by operating activities, net issuances of long-term debt, the sale of differential membership interests and the cash grants received under the Recovery Act. These inflows were partially offset by capital investments by FPL and NextEra Energy Resources and the payment of common stock dividends to NextEra Energy shareholders.

NextEra Energy's cash flows from operating activities for the six months ended June 30, 2010 reflect cash generated by net income, the receipt of option premiums to minimize exposure to natural gas and power price volatility and an increase in other taxes at FPL primarily due to property taxes, which are payable in the fourth quarter. These inflows were partially offset by FPL's refund of approximately \$404 million to retail customers for fuel overrecovery.

NextEra Energy's cash flows from investing activities for the six months ended June 30, 2010 reflect capital investments, including nuclear fuel purchases, of approximately \$1.5 billion by FPL to expand and enhance its electric system and generating facilities to continue to provide reliable service to meet the power needs of present and future customers and investments in independent power projects of approximately \$1.2 billion by NextEra Energy Resources. NextEra Energy's cash flows from investing activities also include approximately \$511 million (comprised of \$426 million and \$85 million at NextEra Energy Resources and FPL, respectively) of cash grants under the Recovery Act, the purchase and sale of restricted securities held in the special use funds, including the reinvestment of fund earnings and new contributions by NextEra Energy Resources, as well as other investment activity, primarily at FPL Group Capital. NextEra Energy expects to receive additional cash grants under the Recovery Act during 2010.

During the six months ended June 30, 2010, NextEra Energy generated proceeds from financing activities, net of related issuance costs, of approximately \$1.8 billion, including proceeds from the sale of differential membership interests, proceeds from the issuance of common stock, primarily under NextEra Energy's continuous offering agreement (see Available Liquidity above), and the following long-term debt issuances and borrowings:

Date Issued	Company	Debt Issued	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	6.56%	305	2030
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	Variable <sup>(a)(b)</sup>	255	2027
May 2010	FPL Group Capital	Debentures	2.55% <sup>(b)</sup>	250	2013
June 2010	NextEra Energy Resources subsidiary	Limited recourse term loan	Variable <sup>(a)</sup>	78	2015
				<u>\$ 1,588</u>	

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements were entered into with respect to these issuances.

On April 30, 2010, Peace Garden Wind Funding, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources, sold its Class B membership interests in Peace Garden Wind, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources with ownership interests in two wind generation facilities with generating capability totaling approximately 170 mw located in North Dakota, to certain third-party investors for approximately \$190 million.

During the six months ended June 30, 2010, NextEra Energy paid approximately \$733 million in connection with financing activities, including \$197 million in principal payments on NextEra Energy Resources' debt, a \$50 million principal payment on FPL Group Capital's debt, a \$22 million principal payment on storm-recovery bonds, a net decrease in short-term debt of \$54 million (comprised of a \$125 million decrease at FPL Group Capital and a \$71 million increase at FPL, respectively) and \$410 million for the payment of dividends on NextEra Energy's common stock.

NextEra Energy's cash and cash equivalents decreased for the six months ended June 30, 2009, reflecting capital investments by FPL and NextEra Energy Resources, a net decrease in short-term debt, the payment of common stock dividends to NextEra Energy shareholders and the payment of margin cash collateral to NextEra Energy Resources' counterparties. These outflows were partially offset by the receipt of cash from the net issuance of long-term debt and the recovery of fuel costs.

### Accumulated Other Comprehensive Income (Loss)

NextEra Energy's total other comprehensive income (loss) activity is as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Six Months Ended June 30,					
	2010			2009		
	(millions)					
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total
Balances at December 31 of prior year	\$ 67	\$ 102	\$ 169	\$ 5	\$ (18)	\$ (13)
Net unrealized gains (losses) on cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of \$30 tax benefit and \$83 tax expense, respectively)	(52)	-	(52)	122	-	122
Reclassification from AOCI to net income (net of \$21 and \$27 tax benefit, respectively)	(27)	-	(27)	(38)	-	(38)
Net unrealized gains (losses) on available for sale securities:						
Net unrealized gains (losses) on securities still held (net of \$6 tax benefit and \$36 tax expense, respectively)	-	(13)	(13)	-	51	51
Reclassification from AOCI to net income (net of \$11 and \$3 tax benefit, respectively)	-	(14)	(14)	-	(4)	(4)
Adjustments between AOCI and retained earnings	-	-	-	-	(5)	(5)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	-	-	-	(2)	(2)
Net unrealized gains (losses) on foreign currency translation (net of \$7 tax benefit and \$2 tax expense, respectively)	-	(14)	(14)	-	3	3
Balances at June 30	\$ (12)	\$ 61	\$ 49	\$ 89	\$ 25	\$ 114

## Energy Marketing and Trading and Market Risk Sensitivity

**Energy Marketing and Trading** - Certain of NextEra Energy's subsidiaries, including FPL and NextEra Energy Resources, use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NextEra Energy, through NextEra Energy Resources, uses derivatives to optimize the value of power generation assets. NextEra Energy Resources provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, 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, are recorded on NextEra Energy'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, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. For NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, 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 NextEra Energy's condensed consolidated statements of income unless hedge accounting is applied. See Note 2.

The changes in the fair value of NextEra Energy's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2010 were as follows:

	Hedges on Owned Assets				
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	NextEra Energy Total
<b>Three months ended June 30, 2010</b>					
Fair value of contracts outstanding at March 31, 2010	\$ 63	\$ 415	\$ 130	\$ (473)	\$ 135
Reclassification to realized at settlement of contracts	(23)	(49)	(32)	138	34
Inception value of new contracts	16	(45)	-	-	(29)
Changes in fair value excluding reclassification to realized	27	(8)	-	63	82
Fair value of contracts outstanding at June 30, 2010	83	313	98	(272)	222
Net option premium payments (receipts)	(143)	11	-	-	(132)
Net margin cash collateral paid					104
Total mark-to-market energy contract net assets (liabilities) at June 30, 2010	<u>\$ (60)</u>	<u>\$ 324</u>	<u>\$ 98</u>	<u>\$ (272)</u>	<u>\$ 194</u>
	Hedges on Owned Assets				
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	NextEra Energy Total
<b>Six months ended June 30, 2010</b>					
Fair value of contracts outstanding at December 31, 2009	\$ 39	\$ 126	\$ 131	\$ (64)	\$ 232
Reclassification to realized at settlement of contracts	2	(78)	(52)	183	55
Inception value of new contracts	(6)	(45)	-	-	(51)
Effective portion of changes in fair value recorded in OCI	-	-	19	-	19
Ineffective portion of changes in fair value recorded in earnings	-	1	-	-	1
Changes in fair value excluding reclassification to realized	48	309	-	(391)	(34)
Fair value of contracts outstanding at June 30, 2010	83	313	98	(272)	222
Net option premium payments (receipts)	(143)	11	-	-	(132)
Net margin cash collateral paid					104
Total mark-to-market energy contract net assets (liabilities) at June 30, 2010	<u>\$ (60)</u>	<u>\$ 324</u>	<u>\$ 98</u>	<u>\$ (272)</u>	<u>\$ 194</u>

NextEra Energy's total mark-to-market energy contract net assets (liabilities) at June 30, 2010 shown above are included in the condensed consolidated balance sheet as follows:

	June 30, 2010 (millions)
Current derivative assets	\$ 454
Noncurrent other assets	455
Current derivative liabilities	(457)
Noncurrent derivative liabilities	(258)
NextEra Energy's total mark-to-market energy contract net assets (liabilities)	<u>\$ 194</u>

The sources of fair value estimates and maturity of energy contract derivative instruments at June 30, 2010 were as follows:

	Maturity						
	2010	2011	2012	2013	2014	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	\$ (102)	\$ 13	\$ (37)	\$ (32)	\$ -	\$ -	\$ (158)
Significant other observable inputs	(33)	(128)	(41)	16	(1)	-	(187)
Significant unobservable inputs	116	109	41	19	-	-	285
Total	(19)	(6)	(37)	3	(1)	-	(60)
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	28	(4)	(9)	-	-	-	15
Significant other observable inputs	40	110	79	14	4	7	254
Significant unobservable inputs	7	24	15	6	2	1	55
Total	75	130	85	20	6	8	324
Owned Assets - OCI:							
Quoted prices in active markets for identical assets	12	30	14	-	-	-	56
Significant other observable inputs	38	11	(7)	-	-	-	42
Significant unobservable inputs	-	-	-	-	-	-	-
Total	50	41	7	-	-	-	98
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	-	-	-	-	-	-	-
Significant other observable inputs	(205)	(74)	-	-	-	-	(279)
Significant unobservable inputs	3	4	-	-	-	-	7
Total	(202)	(70)	-	-	-	-	(272)
Total sources of fair value	\$ (96)	\$ 95	\$ 55	\$ 23	\$ 5	\$ 8	\$ 90

The changes in the fair value of NextEra Energy's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2009 were as follows:

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non-Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
<b>Three months ended June 30, 2009</b>					
Fair value of contracts outstanding at March 31, 2009	\$ 105	\$ 194	\$ 242	\$ (1,326)	\$ (785)
Reclassification to realized at settlement of contracts	(53)	(52)	(60)	491	326
Effective portion of changes in fair value recorded in OCI	-	-	5	-	5
Ineffective portion of changes in fair value recorded in earnings	-	(1)	-	-	(1)
Changes in fair value excluding reclassification to realized	21	-	-	(21)	-
Fair value of contracts outstanding at June 30, 2009	73	141	187	(856)	(455)
Net option premium payments (receipts)	(78)	17	-	-	(61)
Net margin cash collateral paid					164
Total mark-to-market energy contract net assets (liabilities) at June 30, 2009	<u>\$ (5)</u>	<u>\$ 158</u>	<u>\$ 187</u>	<u>\$ (856)</u>	<u>\$ (352)</u>

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non-Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
<b>Six months ended June 30, 2009</b>					
Fair value of contracts outstanding at December 31, 2008	\$ 56	\$ 143	\$ 114	\$ (1,108)	\$ (795)
Reclassification to realized at settlement of contracts	(48)	(107)	(84)	800	561
Effective portion of changes in fair value recorded in OCI	-	-	157	-	157
Ineffective portion of changes in fair value recorded in earnings	-	9	-	-	9
Changes in fair value excluding reclassification to realized	65	96	-	(548)	(387)
Fair value of contracts outstanding at June 30, 2009	73	141	187	(856)	(455)
Net option premium payments (receipts)	(78)	17	-	-	(61)
Net margin cash collateral paid					164
Total mark-to-market energy contract net assets (liabilities) at June 30, 2009	<u>\$ (5)</u>	<u>\$ 158</u>	<u>\$ 187</u>	<u>\$ (856)</u>	<u>\$ (352)</u>

**Market Risk Sensitivity** - Financial instruments and positions affecting the financial statements of NextEra Energy 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, equity prices or currency exchange rates over the next year. FPL Group Capital entered into a cross currency basis swap to hedge against currency movements with respect to both interest and principal payments on a loan and a cross currency swap to hedge against currency and interest rate movements with respect to both interest and principal payments on a loan. At both June 30, 2010 and December 31, 2009, the fair value of these cross currency swaps was not material. Management has established risk management policies to monitor and manage market risks. With respect to commodities, NextEra Energy'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.

NextEra Energy 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. NextEra Energy 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. NextEra Energy'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** - NextEra Energy 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, 2010 and December 31, 2009, the VaR figures were as follows:

	Trading			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses <sup>(a)</sup>			Total		
	FPL	NextEra Energy Resources	NextEra Energy	FPL	NextEra Energy Resources (millions)	NextEra Energy	FPL	NextEra Energy Resources	NextEra Energy
December 31, 2009	\$ -	\$ 5	\$ 5	\$ 68	\$ 59	\$ 40	\$ 68	\$ 57	\$ 37
June 30, 2010	\$ -	\$ 4	\$ 4	\$ 56	\$ 35	\$ 33	\$ 56	\$ 34	\$ 28
Average for the six months ended June 30, 2010	\$ -	\$ 5	\$ 5	\$ 55	\$ 42	\$ 26	\$ 55	\$ 45	\$ 25

(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** - NextEra Energy and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NextEra Energy 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 NextEra Energy's and FPL's financial instruments:

	June 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Fixed income securities:				
Special use funds	\$ 1,803	\$ 1,803 <sup>(a)</sup>	\$ 1,685	\$ 1,685 <sup>(a)</sup>
Other investments	\$ 112	\$ 112 <sup>(a)</sup>	\$ 104	\$ 104 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 18,227	\$ 19,193 <sup>(b)</sup>	\$ 16,869	\$ 17,256 <sup>(b)</sup>
Interest rate swaps - net unrealized losses	\$ (94)	\$ (94) <sup>(c)</sup>	\$ (17)	\$ (17) <sup>(c)</sup>
FPL:				
Fixed income securities - special use funds	\$ 1,433	\$ 1,433 <sup>(a)</sup>	\$ 1,384	\$ 1,384 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 6,335	\$ 6,988 <sup>(b)</sup>	\$ 5,836	\$ 6,055 <sup>(b)</sup>

(a) Based on quoted market prices for these or similar issues.

(b) Provided by external sources based on market prices indicative of market conditions.

(c) Modeled internally based on market values using discounted cash flow analysis and credit valuation adjustment.

The special use funds of NextEra Energy and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NextEra Energy'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 NextEra Energy's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2014 (2032 at FPL).

NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At June 30, 2010, the estimated fair values for NextEra Energy's interest rate swaps were as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
Fair value hedges - FPL Group Capital:					
\$ 300	June 2008	September 2011	Variable <sup>(a)</sup>	5.625%	\$ 13
\$ 250	May 2010	November 2013	Variable <sup>(b)</sup>	2.55%	4
Total fair value hedges					<u>\$ 17</u>
Cash flow hedges - NextEra Energy Resources:					
\$ 48	December 2003	December 2017	4.245%	Variable <sup>(c)</sup>	\$ (3)
\$ 16	April 2004	December 2017	3.845%	Variable <sup>(c)</sup>	(1)
\$ 157	December 2005	November 2019	4.905%	Variable <sup>(c)</sup>	(16)
\$ 409	January 2007	January 2022	5.390%	Variable <sup>(d)</sup>	(47)
\$ 101	January 2008	September 2011	3.2050%	Variable <sup>(c)</sup>	(3)
\$ 333	January 2009	December 2016	2.680%	Variable <sup>(c)</sup>	(8)
\$ 124	January 2009 <sup>(e)</sup>	December 2023	3.725%	Variable <sup>(c)</sup>	2
\$ 81	January 2009	December 2023	2.578%	Variable <sup>(f)</sup>	3
\$ 20	March 2009	December 2016	2.655%	Variable <sup>(c)</sup>	-
\$ 7	March 2009 <sup>(e)</sup>	December 2023	3.960%	Variable <sup>(c)</sup>	-
\$ 318	May 2009	May 2017	3.015%	Variable <sup>(c)</sup>	(11)
\$ 106	May 2009 <sup>(e)</sup>	May 2024	4.663%	Variable <sup>(c)</sup>	-
\$ 128	December 2009	December 2019	3.830%	Variable <sup>(c)</sup>	(9)
\$ 52	December 2009 <sup>(e)</sup>	September 2021	5.500%	Variable <sup>(c)</sup>	-
\$ 255	April 2010	January 2027	4.040%	Variable <sup>(d)</sup>	(18)
Total cash flow hedges					<u>\$ (111)</u>
Total interest rate swaps					<u>\$ (94)</u>

(a) Three-month London InterBank Offered Rate (LIBOR) plus 1.18896%.

(b) Three-month LIBOR plus 0.4726%.

(c) Three-month LIBOR.

(d) Six-month LIBOR.

(e) Exchange of payments does not begin until December 2016, December 2016, May 2017 and December 2019, respectively.

(f) Three-month Banker's Acceptance Rate.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NextEra Energy's net liabilities would increase by approximately \$823 million (\$360 million for FPL) at June 30, 2010.

Equity price risk - Included in the nuclear decommissioning reserve funds of NextEra Energy are marketable equity securities carried at their market value of approximately \$1,569 million and \$1,705 million (\$980 million and \$1,024 million for FPL) at June 30, 2010 and December 31, 2009, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a \$148 million (\$93 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 NextEra Energy's non-rate regulated operations, at June 30, 2010.

Credit risk - For all derivative and contractual transactions, NextEra Energy'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 NextEra Energy'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 margin 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. NextEra Energy's policy is to have master netting agreements in place with significant counterparties.

Based on NextEra Energy's policies and risk exposures related to credit, NextEra Energy and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of June 30, 2010, approximately 98% of NextEra Energy'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 June 30, 2010, each of NextEra Energy and FPL had performed an evaluation, under the supervision and with the participation of its management, including NextEra Energy's and FPL's chief executive officers and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e) or 15d-15(e)). Based upon that evaluation, the chief executive officer and chief financial officer of each of NextEra Energy and FPL concluded that the company's disclosure controls and procedures were effective as of June 30, 2010.

#### **(b) Changes in Internal Control over Financial Reporting**

NextEra Energy 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 NextEra Energy and FPL. However, there has been no change in NextEra Energy's or FPL's internal control over financial reporting that occurred during NextEra Energy's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NextEra Energy's or FPL's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

NextEra Energy and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal and regulatory proceedings that could have a material effect on NextEra Energy or FPL, see Item 3. Legal Proceedings and Note 14 - Legal Proceedings to Consolidated Financial Statements in the 2009 Form 10-K for NextEra Energy and FPL and Note 10 - Legal Proceedings and Regulatory Proceedings herein. Such descriptions are incorporated herein by reference.

### **Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed in NextEra Energy's and FPL's March 2010 Form 10-Q. The factors discussed in Part II, Item 1A. Risk Factors in NextEra Energy's and FPL's March 2010 Form 10-Q, as well as other information set forth in this report, which could materially adversely affect NextEra Energy's and FPL's businesses, financial condition and/or future operating results should be carefully considered. The risks described in NextEra Energy's and FPL's March 2010 Form 10-Q are not the only risks facing NextEra Energy and FPL. Additional risks and uncertainties also may materially adversely affect NextEra Energy's or FPL's business, financial condition and/or future operating results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Information regarding purchases made by NextEra Energy of its common stock is as follows:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program <sup>(b)</sup>
4/01/10 - 4/30/10	-	\$ -	-	20,000,000
5/01/10 - 5/31/10	12,321	\$ 52.71	-	20,000,000
6/01/10 - 6/30/10	4,235	\$ 49.35	-	20,000,000
Total	<u>16,556</u>	<u>\$ 51.85</u>	<u>-</u>	

(a) Includes: (1) in both May 2010 and June 2010, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan (LTIP); and (2) in June 2010, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NextEra Energy's obligation under a February 2006 grant under the LTIP of deferred retirement share awards to an executive officer.

(b) In February 2005, NextEra Energy'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

(c) Other events

(i) Reference is made to Item 1. Business - NextEra Energy Resources Operations - Nuclear Operations in the 2009 Form 10-K for NextEra Energy and FPL.

In May 2010, NextEra Energy Resources filed an application with the NRC to renew Seabrook's operating license for an additional 20 years.

(ii) Reference is made to Item 1. Business - Environmental Matters - Clean Air Interstate Rule (CAIR) in the 2009 Form 10-K for NextEra Energy and FPL.

In July 2010, the EPA released a proposed rule, known as the Air Quality Transport Rule, to limit emissions of sulfur dioxide and nitrogen oxide (NOx) from power plants in 31 eastern states and the District of Columbia that contribute to the ability of downwind states to attain and/or maintain ozone and fine particulate National Ambient Air Quality Standards. The proposed rule was issued in response to the U.S. Court of Appeals for the District of Columbia's December 2008 decision to remand CAIR back to the EPA for further rulemaking. The proposed rule provides for a new allocation methodology for emission allowances, thereby eliminating the NOx fuel adjustment factors, and emissions reductions beginning in 2012. Following a 60-day comment period, a final rule is expected to be published in late spring of 2011. NextEra Energy and FPL are currently evaluating the potential impact of this proposed rule.

(iii) Reference is made to Part II Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Common Stock Data in the 2009 Form 10-K for NextEra Energy and FPL.

As previously reported, on May 21, 2010, following receipt of approval from FPL Group, Inc. shareholders at the 2010 annual meeting of shareholders, the company's Restated Articles of Incorporation were amended to change the company's name from FPL Group, Inc. to NextEra Energy, Inc. On June 23, 2010, the ticker symbol for NextEra Energy's common stock was changed from "FPL" to "NEE."

## Item 6. Exhibits

Exhibit Number	Description	NextEra Energy	FPL
3(i)	Restated Articles of Incorporation of NextEra Energy	x	
3(ii)	Amended and Restated Bylaws of NextEra Energy, as amended through May 21, 2010	x	
*4(a)	Officer's Certificate of FPL Group Capital dated May 18, 2010, creating the Debentures, 2.55% Series due November 15, 2013 (filed as Exhibit 4 to Form 8-K dated May 18, 2010, File No. 1-8841)	x	
10(a)	Retention Agreement between FPL Group, Inc. and Robert L. McGrath	x	x
10(b)	Amendment Number 1 to the FPL Group Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005, changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan	x	x
10(c)	Amendment Number 1 to the FPL Group Deferred Compensation Plan effective January 1, 2005, changing name to NextEra Energy, Inc. Deferred Compensation Plan	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 NextEra Energy	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy	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 NextEra Energy	x	
32(b)	Section 1350 Certification of FPL		x
101.INS	XBRL Instance Document	x	
101.SCH	XBRL Schema Document	x	
101.PRE	XBRL Presentation Linkbase Document	x	
101.CAL	XBRL Calculation Linkbase Document	x	
101.LAB	XBRL Label Linkbase Document	x	
101.DEF	XBRL Definition Linkbase Document	x	

\*Incorporated herein by reference

NextEra Energy and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NextEra Energy 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.

**NEXTERA ENERGY, INC.  
FLORIDA POWER & LIGHT COMPANY  
(Registrants)**

Date: August 5, 2010

---

### **CHRIS N. FROGGATT**

Chris N. Froggatt  
Vice President, Controller and Chief Accounting Officer of  
NextEra Energy, Inc.  
(Principal Accounting Officer of NextEra Energy, Inc.)

---

### **KIMBERLY OUSDAHL**

Kimberly Ousdahl  
Vice President, Controller and Chief Accounting Officer of  
Florida Power & Light Company  
(Principal Accounting Officer of  
Florida Power & Light Company)

**Exhibit 12(a)**

**NEXTERA ENERGY, INC. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND**  
**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS<sup>(a)</sup>**

	Six Months Ended June 30, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 973
Income taxes	291
Fixed charges included in the determination of net income, as below	507
Amortization of capitalized interest	11
Distributed income of equity method investees	21
Less: Equity in earnings of equity method investees	23
Total earnings, as defined	<u>\$ 1,780</u>
Fixed charges, as defined:	
Interest expense	\$ 485
Rental interest factor	16
Allowance for borrowed funds used during construction	6
Fixed charges included in the determination of net income	507
Capitalized interest	29
Total fixed charges, as defined	<u>\$ 536</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>3.32</u>

(a) NextEra Energy, 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<sup>(a)</sup>**

	Six Months Ended June 30, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 456
Income taxes	274
Fixed charges included in the determination of net income, as below	188
Total earnings, as defined	<u>\$ 918</u>
Fixed charges, as defined:	
Interest expense	\$ 179
Rental interest factor	3
Allowance for borrowed funds used during construction	6
Fixed charges included in the determination of net income	188
Capitalized interest	2
Total fixed charges, as defined	<u>\$ 190</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>4.83</u>

(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, 2010 of NextEra Energy, 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 5, 2010

**LEWIS HAY, III**  
\_\_\_\_\_  
Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**Exhibit 31(b)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2010 of NextEra Energy, 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 5, 2010

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer  
of NextEra Energy, Inc.

**Exhibit 31(c)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando J. Olivera, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2010 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 5, 2010

**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer  
of Florida Power & Light Company

**Exhibit 31(d)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended June 30, 2010 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 5, 2010

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer of  
Florida Power & Light Company

**Exhibit 32(a)**

**Section 1350 Certification**

We, Lewis Hay, III and Armando Pimentel, Jr., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of NextEra Energy, Inc. (NextEra Energy) for the quarterly period ended June 30, 2010 (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 NextEra Energy.

Dated: August 5, 2010

**LEWIS HAY, III**

---

Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**ARMANDO PIMENTEL, JR.**

---

Armando Pimentel, Jr.  
Executive Vice President, Finance and  
Chief Financial Officer of NextEra Energy,  
Inc.

A signed original of this written statement required by Section 906 has been provided to NextEra Energy and will be retained by NextEra Energy 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 NextEra Energy 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).

**Section 1350 Certification**

We, Armando J. Olivera and Armando Pimentel, Jr., 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, 2010 (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 5, 2010

**ARMANDO J. OLIVERA**  
\_\_\_\_\_  
Armando J. Olivera  
President and Chief Executive Officer  
of  
Florida Power & Light Company

**ARMANDO PIMENTEL, JR.**  
\_\_\_\_\_  
Armando Pimentel, Jr.  
Executive 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 3(f)

Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

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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, 2010**

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	<b>NEXTERA ENERGY, INC.</b> <b>FLORIDA POWER &amp; LIGHT COMPANY</b> 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-2449419
2-27612		59-0247775

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.

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☐ No ☐

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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 ☒

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: common stock, \$0.01 par value, outstanding as of September 30, 2010: 418,420,348 shares.

As of September 30, 2010, 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 NextEra Energy, Inc.

This combined Form 10-Q represents separate filings by NextEra Energy, 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 NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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NextEra Energy, Inc. (formerly known as FPL Group, Inc.), Florida Power & Light Company, FPL Group Capital Inc and NextEra Energy Resources, LLC each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NextEra Energy, FPL, FPL Group Capital and NextEra Energy Resources 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, strategies, future events or performance (often, but not always, through the use of words or phrases such as will, will likely result, are expected to, will continue, is anticipated, aim, believe, could, should, would, estimated, may, plan, potential, projection, target, outlook, predict and intend or words of similar meaning) 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 NextEra Energy, Inc.'s (NextEra Energy) and/or Florida Power & Light Company's (FPL) operations and financial results, and could cause NextEra Energy's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NextEra Energy and/or FPL in this combined Form 10-Q, in presentations, on their respective websites, in response to questions or otherwise.

- NextEra Energy's and FPL's results of operations may be adversely affected by the extensive regulation of their businesses.
- NextEra Energy's and FPL's financial performance could be negatively affected if FPL is unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from its customers through regulated rates and cost recovery clauses.
- NextEra Energy and FPL are subject to federal regulatory compliance and proceedings which have significant compliance costs and expose them to substantial monetary penalties and other sanctions.
- NextEra Energy and FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.
- NextEra Energy's and FPL's businesses are subject to risks associated with legislative and regulatory initiatives.
- NextEra Energy and FPL are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.
- NextEra Energy's and FPL's businesses could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions.

- The operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear units owned by FPL or NextEra Energy Resources, LLC (NextEra Energy Resources) and in increased costs and capital expenditures.
- NextEra Energy's and FPL's operating results could suffer if they do not proceed with projects under development or are unable to complete the construction of, and capital improvements to, generation, transmission, distribution and other facilities on schedule and within budget.
- The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the results of operations and financial condition of NextEra Energy and FPL.
- NextEra Energy's competitive energy business is subject to development and operating risks that could limit the revenue growth of this business and have other negative effects on NextEra Energy's results of operations and financial condition.
- NextEra Energy's competitive energy business is dependent on continued public policy support and governmental support for renewable energy, particularly wind and solar projects.
- NextEra Energy and FPL are subject to credit and performance risk from customers and suppliers.
- NextEra Energy's and FPL's results of operations may continue to be negatively affected by slower customer growth and customer usage in FPL's service area.
- NextEra Energy's and FPL's financial position and results of operations are subject to risks associated with weather conditions, such as the impact of severe weather.
- Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NextEra Energy's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely impact the results of operations and financial condition of NextEra Energy and FPL and exert downward pressure on the market price of NextEra Energy's common stock.
- NextEra Energy's, FPL Group Capital Inc's (FPL Group Capital) and FPL's inability to maintain their current credit ratings may adversely affect NextEra Energy's and FPL's liquidity, limit the ability of NextEra Energy and FPL to grow their businesses, and increase interest costs, while the liquidity of the companies also could be impaired by the inability of their credit providers to maintain their current credit ratings or to fund their credit commitments.
- The use of derivative contracts by NextEra Energy and FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect their results of operations or cash flows.
- NextEra Energy's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.
- NextEra Energy may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NextEra Energy or if NextEra Energy is required to perform under guarantees of obligations of its subsidiaries.
- Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect NextEra Energy's and FPL's results of operations, financial condition and liquidity.
- NextEra Energy's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the results of operations of the retail business.
- A failure in NextEra Energy's and FPL's operational systems or infrastructure, or those of third parties, could impair their liquidity, disrupt their businesses, result in the disclosure of confidential information and cause losses.
- Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NextEra Energy's and FPL's businesses may impact the operations of NextEra Energy and FPL in unpredictable ways and could adversely affect NextEra Energy's and FPL's results of operations, financial condition and liquidity.
- The ability of NextEra Energy and FPL to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NextEra Energy's and FPL's insurance coverage may not provide protection against all significant losses.
- The businesses and results of operations of NextEra Energy and FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.

- Poor market performance and other economic factors could affect NextEra Energy's and FPL's nuclear decommissioning funds' asset value or defined benefit pension plan's funded status, which may adversely affect NextEra Energy's and FPL's liquidity and financial results.
- Increasing costs associated with health care plans may adversely affect NextEra Energy's and FPL's results of operations, financial position and liquidity.

These factors should be read together with the risk factors included in Part II, Item 1A. Risk Factors in NextEra Energy's and FPL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (March 2010 Form 10-Q) and investors should refer to that section of the March 2010 Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and NextEra Energy 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, unless otherwise required by law. 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 or implied in any forward-looking statement.

**Website Access to U.S. Securities and Exchange Commission (SEC) Filings.** NextEra Energy and FPL make their SEC filings, including the 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 NextEra Energy's internet website, [www.nexteraenergy.com](http://www.nexteraenergy.com), as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on NextEra Energy's website (or any of its subsidiaries' websites) is not incorporated by reference in this combined Form 10-Q. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information about NextEra Energy and FPL filed electronically with the SEC.

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

#### NEXTERA ENERGY, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (millions, except per share amounts) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
OPERATING REVENUES	\$ 4,691	\$ 4,473	\$ 11,904	\$ 11,988
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,991	2,164	4,795	5,773
Other operations and maintenance	712	682	2,123	1,972
Depreciation and amortization	531	433	1,330	1,277
Taxes other than income taxes and other	332	345	883	929
Total operating expenses	<u>3,566</u>	<u>3,624</u>	<u>9,131</u>	<u>9,951</u>
OPERATING INCOME	<u>1,125</u>	<u>849</u>	<u>2,773</u>	<u>2,037</u>
OTHER INCOME (DEDUCTIONS)				
Interest expense	(247)	(204)	(732)	(631)
Equity in earnings of equity method investees	33	29	56	49
Allowance for equity funds used during construction	10	15	25	46
Interest income	22	15	69	58
Gains on disposal of assets - net	13	12	61	24
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(1)	-	(16)	(54)
Other - net	<u>5</u>	<u>(1)</u>	<u>(10)</u>	<u>10</u>
Total other deductions - net	<u>(165)</u>	<u>(134)</u>	<u>(547)</u>	<u>(498)</u>
INCOME BEFORE INCOME TAXES	960	715	2,226	1,539
INCOME TAXES	<u>240</u>	<u>182</u>	<u>532</u>	<u>272</u>
NET INCOME	<u>\$ 720</u>	<u>\$ 533</u>	<u>\$ 1,694</u>	<u>\$ 1,267</u>
Earnings per share of common stock:				
Basic	\$ 1.75	\$ 1.32	\$ 4.14	\$ 3.14
Assuming dilution	\$ 1.74	\$ 1.31	\$ 4.11	\$ 3.12
Dividends per share of common stock	\$ 0.50	\$ 0.4725	\$ 1.50	\$ 1.4175
Weighted-average number of common shares outstanding:				
Basic	410.9	405.1	409.1	403.7
Assuming dilution	413.7	408.0	411.6	406.4

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 NextEra Energy's and FPL's Annual Report on Form 10-K for the year ended December 31, 2009 (2009 Form 10-K).

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	September 30, 2010	December 31, 2009
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric utility plant in service and other property	\$ 47,489	\$ 46,330
Nuclear fuel	1,488	1,414
Construction work in progress	4,382	2,425
Less accumulated depreciation and amortization	(15,058)	(14,091)
Total property, plant and equipment - net (\$2,425 related to VIEs at September 30, 2010)	<u>38,301</u>	<u>36,078</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	791	238
Customer receivables, net of allowances of \$24 and \$23, respectively	1,595	1,431
Other receivables, net of allowances of \$1 and \$1, respectively	525	816
Materials, supplies and fossil fuel inventory	895	877
Regulatory assets:		
Deferred clause and franchise expenses	416	69
Securitized storm-recovery costs	73	69
Derivatives	391	68
Other	4	3
Derivatives	724	357
Other	362	409
Total current assets	<u>5,776</u>	<u>4,337</u>
<b>OTHER ASSETS</b>		
Special use funds	3,590	3,390
Other investments	1,028	935
Prepaid benefit costs	1,232	1,184
Regulatory assets:		
Securitized storm-recovery costs (\$365 related to a VIE at September 30, 2010)	596	644
Other	354	265
Other	1,857	1,625
Total other assets	<u>8,657</u>	<u>8,043</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,734</u>	<u>\$ 48,458</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 4	\$ 4
Additional paid-in capital	5,283	5,055
Retained earnings	8,817	7,739
Accumulated other comprehensive income	47	169
Total common shareholders' equity	<u>14,151</u>	<u>12,967</u>
Long-term debt (\$1,145 related to VIEs at September 30, 2010)	<u>17,680</u>	<u>16,300</u>
Total capitalization	<u>31,831</u>	<u>29,267</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	1,085	2,020
Current maturities of long-term debt	1,703	569
Accounts payable	1,099	992
Customer deposits	631	613
Accrued interest and taxes	712	466
Regulatory liabilities:		
Deferred clause and franchise revenues	47	377
Other	2	2
Derivatives	818	221
Other	1,090	1,189
Total current liabilities	<u>7,187</u>	<u>6,449</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	2,482	2,418
Accumulated deferred income taxes	5,149	4,860
Regulatory liabilities:		
Accrued asset removal costs	2,230	2,251
Asset retirement obligation regulatory expense difference	725	671
Other	316	260
Derivatives	449	170
Other (\$953 related to VIEs at September 30, 2010)	2,365	2,112
Total other liabilities and deferred credits	<u>13,716</u>	<u>12,742</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 52,734</u>	<u>\$ 48,458</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**NEXTERA ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

	Nine Months Ended September 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,694	\$ 1,267
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,330	1,277
Nuclear fuel amortization	214	186
Unrealized (gains) losses on marked to market energy contracts	(499)	63
Deferred income taxes	336	182
Cost recovery clauses and franchise fees	(679)	417
Equity in earnings of equity method investees	(56)	(49)
Distributions of earnings from equity method investees	32	33
Changes in operating assets and liabilities:		
Customer receivables	(157)	(146)
Other receivables	(133)	14
Materials, supplies and fossil fuel inventory	(17)	74
Other current assets	(50)	(32)
Other assets	114	(44)
Accounts payable	102	(99)
Customer deposits	18	26
Margin cash collateral	136	(191)
Income taxes	117	39
Interest and other taxes	233	229
Other current liabilities	(5)	(61)
Other liabilities	(21)	8
Other - net	60	133
Net cash provided by operating activities	<u>2,769</u>	<u>3,326</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures of FPL	(2,044)	(1,841)
Independent power and other investments of NextEra Energy Resources	(1,837)	(1,884)
Cash grants under the American Recovery and Reinvestment Act of 2009	556	-
Funds received from a spent fuel settlement	44	86
Nuclear fuel purchases	(157)	(278)
Other capital expenditures	(51)	(37)
Sale of independent power investments	16	15
Proceeds from sale of securities in special use funds	4,092	2,713
Purchases of securities in special use funds	(4,177)	(2,783)
Proceeds from sale of other securities	580	542
Purchases of other securities	(578)	(556)
Other - net	-	5
Net cash used in investing activities	<u>(3,556)</u>	<u>(4,018)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	3,018	2,389
Retirements of long-term debt	(571)	(1,412)
Proceeds from sale of differential membership interests	261	-
Net change in short-term debt	(935)	(284)
Issuances of common stock - net	184	186
Dividends on common stock	(616)	(574)
Other - net	(1)	16
Net cash provided by financing activities	<u>1,340</u>	<u>321</u>
Net increase (decrease) in cash and cash equivalents	553	(371)
Cash and cash equivalents at beginning of period	238	535
Cash and cash equivalents at end of period	<u>\$ 791</u>	<u>\$ 164</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 610	\$ 845

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(millions)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
OPERATING REVENUES	\$ 3,116	\$ 3,301	\$ 8,024	\$ 8,738
OPERATING EXPENSES				
Fuel, purchased power and interchange	1,504	1,786	3,816	4,810
Other operations and maintenance	399	392	1,196	1,108
Depreciation and amortization	333	263	754	786
Taxes other than income taxes and other	296	306	780	821
Total operating expenses	<u>2,532</u>	<u>2,747</u>	<u>6,546</u>	<u>7,525</u>
OPERATING INCOME	<u>584</u>	<u>554</u>	<u>1,478</u>	<u>1,213</u>
OTHER INCOME (DEDUCTIONS)				
Interest expense	(91)	(78)	(270)	(235)
Allowance for equity funds used during construction	10	15	25	46
Other - net	(1)	(5)	(1)	(9)
Total other deductions - net	<u>(82)</u>	<u>(68)</u>	<u>(246)</u>	<u>(198)</u>
INCOME BEFORE INCOME TAXES	502	486	1,232	1,015
INCOME TAXES	<u>194</u>	<u>180</u>	<u>468</u>	<u>369</u>
NET INCOME	<u>\$ 308</u>	<u>\$ 306</u>	<u>\$ 764</u>	<u>\$ 646</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(millions)  
(unaudited)

	September 30, 2010	December 31, 2009
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 29,286	\$ 28,677
Nuclear fuel	726	756
Construction work in progress	2,312	1,549
Less accumulated depreciation and amortization	(10,992)	(10,578)
Total electric utility plant - net	<u>21,332</u>	<u>20,404</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	37	83
Customer receivables, net of allowances of \$21 and \$21, respectively	920	838
Other receivables, net of allowances of \$1 and \$1, respectively	209	182
Materials, supplies and fossil fuel inventory	541	529
Regulatory assets:		
Deferred clause and franchise expenses	416	69
Securitized storm-recovery costs	73	69
Derivatives	391	68
Other	152	123
Total current assets	<u>2,739</u>	<u>1,961</u>
<b>OTHER ASSETS</b>		
Special use funds	2,548	2,408
Prepaid benefit costs	1,047	1,017
Regulatory assets:		
Securitized storm-recovery costs (\$365 related to a VIE at September 30, 2010)	596	644
Other	305	214
Other	173	164
Total other assets	<u>4,669</u>	<u>4,447</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,740</u>	<u>\$ 26,812</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 1,373	\$ 1,373
Additional paid-in capital	5,053	4,393
Retained earnings	3,183	2,670
Total common shareholder's equity	9,609	8,436
Long-term debt (\$486 related to a VIE at September 30, 2010)	6,278	5,794
Total capitalization	<u>15,887</u>	<u>14,230</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	240	818
Current maturities of long-term debt	45	42
Accounts payable	637	539
Customer deposits	625	607
Accrued interest and taxes	788	303
Regulatory liabilities - deferred clause and franchise revenues	47	377
Derivatives	400	77
Other	541	659
Total current liabilities	<u>3,323</u>	<u>3,422</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,907	1,833
Accumulated deferred income taxes	3,696	3,509
Regulatory liabilities:		
Accrued asset removal costs	2,230	2,251
Asset retirement obligation regulatory expense difference	725	671
Other	302	244
Other	670	652
Total other liabilities and deferred credits	<u>9,530</u>	<u>9,160</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 28,740</u>	<u>\$ 26,812</u>

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**FLORIDA POWER & LIGHT COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)  
(unaudited)

	Nine Months Ended September 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 764	\$ 646
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	754	786
Nuclear fuel amortization	102	93
Deferred income taxes	242	383
Cost recovery clauses and franchise fees	(679)	417
Changes in operating assets and liabilities:		
Customer receivables	(83)	(226)
Other receivables	(70)	54
Materials, supplies and fossil fuel inventory	(13)	13
Other current assets	(35)	(31)
Other assets	19	(82)
Accounts payable	130	(44)
Customer deposits	19	26
Income taxes	162	(228)
Interest and other taxes	232	224
Other current liabilities	30	(24)
Other liabilities	9	32
Other - net	29	(8)
Net cash provided by operating activities	<u>1,612</u>	<u>2,031</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(2,044)	(1,841)
Cash grants under the American Recovery and Reinvestment Act of 2009	131	-
Funds received from a spent fuel settlement	32	71
Nuclear fuel purchases	(62)	(132)
Proceeds from sale of securities in special use funds	3,051	1,940
Purchases of securities in special use funds	(3,114)	(1,982)
Other - net	31	(1)
Net cash used in investing activities	<u>(1,975)</u>	<u>(1,945)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of long-term debt	523	505
Retirements of long-term debt	(42)	(263)
Net change in short-term debt	(578)	54
Capital contributions from NextEra Energy	660	-
Dividends	(250)	(485)
Other - net	4	17
Net cash provided by (used in) financing activities	<u>317</u>	<u>(172)</u>
Net decrease in cash and cash equivalents	(46)	(86)
Cash and cash equivalents at beginning of period	83	120
Cash and cash equivalents at end of period	<u>\$ 37</u>	<u>\$ 34</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued property additions	\$ 237	\$ 318

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2009 Form 10-K for NextEra Energy and FPL.

**NEXTERA ENERGY, 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 2009 Form 10-K for NextEra Energy and FPL. In the opinion of NextEra Energy 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

NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries and has a supplemental executive retirement plan (SERP), which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees (collectively, pension benefits). In addition to providing pension benefits, NextEra Energy sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits) for retirees of NextEra Energy and its subsidiaries meeting certain eligibility requirements.

The components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	Three Months Ended September 30,		September 30,		Nine Months Ended September 30,		September 30,	
	2010	2009	2010	2009	2010	2009	2010	2009
	(millions)							
Service cost	\$ 15	\$ 13	\$ 1	\$ 2	\$ 45	\$ 38	\$ 4	\$ 4
Interest cost	25	27	6	6	76	82	17	18
Expected return on plan assets	(60)	(60)	(1)	(1)	(180)	(179)	(2)	(2)
Amortization of transition obligation	-	-	1	1	-	-	3	3
Amortization of prior service benefit	(1)	(1)	-	-	(3)	(3)	-	-
Amortization of gains	-	(5)	-	-	-	(17)	-	-
Net periodic benefit (income) cost at NextEra Energy	\$ (21)	\$ (26)	\$ 7	\$ 8	\$ (62)	\$ (79)	\$ 22	\$ 23
Net periodic benefit (income) cost at FPL	\$ (14)	\$ (18)	\$ 6	\$ 6	\$ (41)	\$ (55)	\$ 17	\$ 17

## 2. Derivative Instruments

NextEra Energy and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with long-term debt, and to optimize the value of NextEra Energy Resources' power generation assets.

With respect to commodities related to NextEra Energy's competitive energy business, NextEra Energy Resources employs rigorous risk management procedures in order to optimize the value of its power generation assets, provide full energy and capacity requirements services primarily to distribution utilities, and engage in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter markets, depending on the most favorable credit terms and market execution factors. For NextEra Energy Resources' power generation assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge the expected energy output of these assets for the portion of the output that is not covered by long-term power purchase agreements (PPA). These hedges protect NextEra Energy Resources against adverse changes in the wholesale forward commodity markets associated with its generation assets. With regard to full energy and capacity requirements services, NextEra Energy Resources is required to vary the quantity of energy and related services based on the load demands of the customer served by the distribution utility. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and protect against unfavorable changes in the forward energy markets. Additionally, NextEra Energy Resources takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions. NextEra Energy Resources uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

Derivative instruments, when required to be marked to market, are recorded on NextEra Energy's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, 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 NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied, 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 NextEra Energy's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NextEra Energy's and FPL's condensed consolidated statements of cash flows.

While most of NextEra Energy Resources' derivatives are entered into for the purpose of managing commodity price risk, and to reduce the impact of volatility in interest rates stemming from changes in variable interest rates on outstanding debt, 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. NextEra Energy 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 been deemed not to have occurred for financial reporting purposes. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. Generally, NextEra Energy assesses a hedging instrument's effectiveness by using regression analysis for commodity contracts, and nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item for interest rate swaps and foreign currency derivative instruments. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. 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 (OCI) and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings. See Note 6. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period.

In January 2010, NextEra Energy discontinued hedge accounting for its cash flow hedges related to commodity derivative instruments. NextEra Energy continues to apply hedge accounting to certain interest rate and foreign currency hedges. At September 30, 2010, NextEra Energy's accumulated other comprehensive income (AOCI) included amounts related to the discontinued commodity cash flow hedges which have expiration dates through December 2012. Additionally, at September 30, 2010, NextEra Energy had interest rate cash flow hedges with expiration dates through January 2027 and foreign currency cash flow hedges with expiration dates through September 2030.

The net fair values of NextEra Energy's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the condensed consolidated balance sheets as follows:

	NextEra Energy		FPL	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(millions)			
Current derivative assets <sup>(a)</sup>	\$ 724	\$ 357	\$ 10 <sup>(b)</sup>	\$ 10 <sup>(b)</sup>
Noncurrent other assets <sup>(c)</sup>	684	329	1	4
Current derivative liabilities <sup>(d)</sup>	(818)	(221)	(400)	(77)
Noncurrent derivative liabilities <sup>(e)</sup>	(449)	(170)	(49) <sup>(f)</sup>	(1) <sup>(f)</sup>
Total mark-to-market derivative instrument assets (liabilities)	<u>\$ 141</u>	<u>\$ 295</u>	<u>\$ (438)</u>	<u>\$ (64)</u>

(a) At September 30, 2010 and December 31, 2009, NextEra Energy's balances reflect the netting of approximately \$13 million and \$4 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(b) Included in current other assets on FPL's condensed consolidated balance sheets.

(c) At September 30, 2010 and December 31, 2009, NextEra Energy's balances reflect the netting of approximately \$51 million and \$1 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(d) At December 31, 2009, NextEra Energy's balance reflects the netting of approximately \$75 million (none at FPL) in margin cash collateral provided to counterparties.

(e) At September 30, 2010, NextEra Energy's balance reflects the netting of approximately \$59 million (none at FPL) in margin cash collateral provided to counterparties.

(f) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

At September 30, 2010 and December 31, 2009, NextEra Energy had approximately \$24 million and \$18 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets. These amounts are included in other current liabilities in the condensed consolidated balance sheets. Additionally, at September 30, 2010 and December 31, 2009, NextEra Energy had approximately \$35 million and \$95 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative liabilities. These amounts are included in other current assets in the condensed consolidated balance sheets.

As discussed above, NextEra Energy uses derivative instruments to, among other things, manage its commodity price risk, interest rate risk and foreign currency exchange rate risk. The table above presents NextEra Energy's and FPL's net derivative positions at September 30, 2010 and December 31, 2009, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral. However, disclosure rules require that the following tables be presented on a gross basis.

The fair values of NextEra Energy's derivatives designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	September 30, 2010		December 31, 2009	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)			
Commodity contracts:				
Current derivative assets	\$ -	\$ -	\$ 54	\$ 1
Current derivative liabilities	-	-	45	4
Noncurrent other assets	-	-	44	2
Noncurrent derivative liabilities	-	-	8	13
Interest rate swaps:				
Current derivative assets	17	-	-	-
Current derivative liabilities	-	57	-	51
Noncurrent other assets	5	-	61	-
Noncurrent derivative liabilities	-	108	-	27
Foreign currency swaps:				
Current derivative liabilities	-	7	-	-
Noncurrent other assets	22	-	5	-
Total	<u>\$ 44</u>	<u>\$ 172</u>	<u>\$ 217</u>	<u>\$ 98</u>

Gains (losses) related to NextEra Energy's cash flow hedges are recorded on NextEra Energy's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended September 30,							
	2010				2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swaps	Total	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total
	(millions)							
Gains (losses) recognized in OCI	\$ -	\$ (76)	\$ 5	\$ (71)	\$ 22	\$ (37)	\$ 8	\$ (7)
Gains (losses) reclassified from AOCI to net income	\$ 25 <sup>(a)</sup>	\$ (23) <sup>(b)</sup>	\$ 8 <sup>(c)</sup>	\$ 10	\$ 62 <sup>(a)</sup>	\$ (17) <sup>(b)</sup>	\$ 9 <sup>(c)</sup>	\$ 54
Gains (losses) recognized in income <sup>(d)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 4 <sup>(a)</sup>	\$ -	\$ -	\$ 4

(a) Included in operating revenues.

(b) Included in interest expense.

(c) Loss of approximately \$1 million is included in interest expense and the balance is included in other - net.

(d) Represents the ineffective portion of the hedging instrument.

	Nine Months Ended September 30,							
	2010				2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swaps	Total	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total
	(millions)							
Gains (losses) recognized in OCI	\$ 19	\$ (181)	\$ 9	\$ (153)	\$ 179	\$ 12	\$ 8	\$ 199
Gains (losses) reclassified from AOCI to net income	\$ 93 <sup>(a)</sup>	\$ (50) <sup>(b)</sup>	\$ 14 <sup>(c)</sup>	\$ 57	\$ 146 <sup>(a)</sup>	\$ (31) <sup>(b)</sup>	\$ 8 <sup>(d)</sup>	\$ 123
Gains (losses) recognized in income <sup>(e)</sup>	\$ 1	\$ -	\$ -	\$ 1	\$ 14 <sup>(a)</sup>	\$ -	\$ -	\$ 14

(a) Included in operating revenues.

(b) Included in interest expense.

(c) Loss of approximately \$2 million is included in interest expense and the balance is included in other - net.

(d) Loss of approximately \$1 million is included in interest expense and the balance is included in other - net.

(e) Represents the ineffective portion of the hedging instrument.

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For the three and nine months ended September 30, 2010, NextEra Energy recorded a gain of \$4 million and \$8 million, respectively, on three fair value hedges which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding increase in the related debt. For the three and nine months ended September 30, 2009, NextEra Energy recorded a gain of \$1 million and a loss of \$4 million, respectively, on a fair value hedge which is reflected in interest expense in the condensed consolidated statements of income and resulted in a corresponding increase in and reduction of the related debt.

The fair values of NextEra Energy's and FPL's derivatives not designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	September 30, 2010				December 31, 2009			
	NextEra Energy		FPL		NextEra Energy		FPL	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)							
Commodity contracts:								
Current derivative assets	\$ 2,863	\$ 2,143	\$ 10 <sup>(a)</sup>	\$ -	\$ 611	\$ 303	\$ 11 <sup>(a)</sup>	\$ 1 <sup>(a)</sup>
Current derivative liabilities	544	1,298	4	404	1,002	1,288	18	95
Noncurrent other assets	889	190	1	-	921	699	4	-
Noncurrent derivative liabilities	1,310	1,710	-	49 <sup>(b)</sup>	128	260	-	1 <sup>(b)</sup>
Foreign currency swap:								
Noncurrent other assets	9	-	-	-	-	-	-	-
Noncurrent derivative liabilities	-	-	-	-	-	6	-	-
Total	<u>\$ 5,615</u>	<u>\$ 5,341</u>	<u>\$ 15</u>	<u>\$ 453</u>	<u>\$ 2,662</u>	<u>\$ 2,556</u>	<u>\$ 33</u>	<u>\$ 97</u>

(a) Included in current other assets on FPL's condensed consolidated balance sheets.

(b) Included in noncurrent other liabilities on FPL's condensed consolidated balance sheets.

Gains (losses) related to NextEra Energy's derivatives not designated as hedging instruments are recorded on NextEra Energy's condensed consolidated statements of income (none at FPL) as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(millions)			
Commodity contracts:				
Operating revenues	\$ 354 <sup>(a)</sup>	\$ 24 <sup>(a)</sup>	\$ 615 <sup>(a)</sup>	\$ 156 <sup>(a)</sup>
Fuel, purchased power and interchange	(104)	(3)	(10)	26
Foreign currency swap:				
Other - net	8	9	13	-
Total	<u>\$ 258</u>	<u>\$ 30</u>	<u>\$ 618</u>	<u>\$ 182</u>

(a) In addition, for the three and nine months ended September 30, 2010, FPL recorded approximately \$306 million and \$698 million of losses, respectively, related to commodity contracts as regulatory assets on its condensed consolidated balance sheets. For the three and nine months ended September 30, 2009, FPL recorded approximately \$3 million of gains and \$543 million of losses, respectively, related to commodity contracts as regulatory liabilities and regulatory assets, respectively, on its condensed consolidated balance sheets.

The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NextEra Energy's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. The table does not present a complete picture of NextEra Energy's and FPL's overall net economic exposure because NextEra Energy and FPL do not use derivative instruments to hedge all of their commodity exposures. At September 30, 2010, NextEra Energy and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	NextEra Energy	FPL
	(millions)	
Power	(38) mwh <sup>(a)</sup>	-
Natural gas	800 mmbtu <sup>(b)</sup>	833 mmbtu <sup>(b)</sup>

(a) Megawatt-hours

(b) One million British thermal units

At September 30, 2010, NextEra Energy had 18 interest rate swaps with a notional amount totaling approximately \$3.1 billion and three foreign currency swaps with a notional amount totaling approximately \$410 million.

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Certain of NextEra Energy's and FPL's derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At September 30, 2010, the aggregate fair value of NextEra Energy's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$2.2 billion (\$0.5 billion for FPL).

If the credit-risk-related contingent features underlying these agreements and other wholesale commodity contracts were triggered, NextEra Energy or FPL could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL Group Capital's or FPL's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for FPL Group Capital from the current lowest applicable rating), NextEra Energy would be required to post collateral such that the total posted collateral would be approximately \$700 million (\$250 million at FPL). If FPL Group Capital's and FPL's credit ratings were downgraded to below investment grade, NextEra Energy would be required to post additional collateral such that the total posted collateral would be approximately \$2.6 billion (\$1.0 billion at FPL). Some contracts at NextEra Energy, including some FPL contracts, do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, NextEra Energy could be required to post additional collateral of up to approximately \$600 million (\$100 million at FPL).

Collateral may be posted in the form of cash or credit support. At September 30, 2010, NextEra Energy had posted approximately \$236 million (\$18 million at FPL) in the form of letters of credit, related to derivatives, in the normal course of business which could be applied toward the collateral requirements described above. FPL and FPL Group Capital have bank revolving line of credit facilities in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the bank revolving line of credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, NextEra Energy and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

### **3. Fair Value Measurements**

NextEra Energy and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NextEra Energy's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk is also considered in the determination of fair value for all assets and liabilities measured at fair value, including the consideration of a credit valuation adjustment.

*Cash Equivalents* - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NextEra Energy and FPL primarily hold investments in money market funds. The fair value of these funds is calculated using current market prices.

*Special Use Funds and Other Investments* - NextEra Energy and FPL hold primarily debt and equity securities directly, as well as indirectly through commingled funds. Substantially all directly held equity securities are valued at their quoted market prices. For directly held debt securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue of each security. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.

*Derivative Instruments* - NextEra Energy and FPL measure the fair value of commodity contracts on a daily basis using prices observed on commodities exchanges and in the over-the-counter markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date.

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Exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using significant other observable inputs.

NextEra Energy and FPL also enter into over-the-counter commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts. In instances where the reference exchange markets are deemed to be inactive or do not have a similar contract that trades on an exchange, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points.

NextEra Energy, through NextEra Energy Resources, also enters into load serving contracts, which, in many cases, meet the definition of derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at NextEra Energy have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where NextEra Energy and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes, but is not limited to, assumptions about market liquidity, volatility and contract duration.

NextEra Energy uses interest rate and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain debt issuances and borrowings. NextEra Energy estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the swap agreements. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

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NextEra Energy's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	September 30, 2010				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (millions)	Netting <sup>(a)</sup>	Total
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 646	\$ -	\$ -	\$ 646
Special use funds:					
NextEra Energy:					
Equity securities	\$ 646	\$ 1,060 <sup>(b)</sup>	\$ -	\$ -	\$ 1,706
U.S. Government and municipal bonds	\$ 572	\$ 81	\$ -	\$ -	\$ 653
Corporate debt securities	\$ -	\$ 508	\$ -	\$ -	\$ 508
Mortgage-backed securities	\$ -	\$ 543	\$ -	\$ -	\$ 543
Other debt securities	\$ -	\$ 107	\$ -	\$ -	\$ 107
FPL:					
Equity securities	\$ 113	\$ 920 <sup>(b)</sup>	\$ -	\$ -	\$ 1,033
U.S. Government and municipal bonds	\$ 522	\$ 77	\$ -	\$ -	\$ 599
Corporate debt securities	\$ -	\$ 343	\$ -	\$ -	\$ 343
Mortgage-backed securities	\$ -	\$ 442	\$ -	\$ -	\$ 442
Other debt securities	\$ -	\$ 46	\$ -	\$ -	\$ 46
Other investments:					
NextEra Energy:					
Equity securities	\$ 3	\$ 3	\$ -	\$ -	\$ 6
U.S. Government and municipal bonds	\$ 17	\$ -	\$ -	\$ -	\$ 17
Corporate debt securities	\$ -	\$ 36	\$ -	\$ -	\$ 36
Mortgage-backed securities	\$ -	\$ 47	\$ -	\$ -	\$ 47
Other	\$ 5	\$ 16	\$ -	\$ -	\$ 21
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 2,469	\$ 1,917	\$ 1,220	\$ (4,251)	\$ 1,355 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 22	\$ -	\$ -	\$ 22 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 31	\$ -	\$ -	\$ 31 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 6	\$ 9	\$ (4)	\$ 11 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 2,497	\$ 2,186	\$ 658	\$ (4,246)	\$ 1,095 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 165	\$ -	\$ -	\$ 165 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 7	\$ -	\$ -	\$ 7 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 452	\$ 1	\$ (4)	\$ 449 <sup>(c)</sup>

- (a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.  
(b) At NextEra Energy, approximately \$973 million (\$879 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.  
(c) See Note 2 for a reconciliation of net derivatives to NextEra Energy's and FPL's condensed consolidated balance sheets.

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	December 31, 2009				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
			(millions)		
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 79	\$ -	\$ -	\$ 79
FPL - equity securities	\$ -	\$ 43	\$ -	\$ -	\$ 43
Special use funds:					
NextEra Energy:					
Equity securities	\$ 657	\$ 1,048 <sup>(b)</sup>	\$ -	\$ -	\$ 1,705
U.S. Government and municipal bonds	\$ 275	\$ 299	\$ -	\$ -	\$ 574
Corporate debt securities	\$ -	\$ 452	\$ -	\$ -	\$ 452
Mortgage-backed securities	\$ -	\$ 618	\$ -	\$ -	\$ 618
Other debt securities	\$ -	\$ 41	\$ -	\$ -	\$ 41
FPL:					
Equity securities	\$ 104	\$ 920 <sup>(b)</sup>	\$ -	\$ -	\$ 1,024
U.S. Government and municipal bonds	\$ 230	\$ 278	\$ -	\$ -	\$ 508
Corporate debt securities	\$ -	\$ 346	\$ -	\$ -	\$ 346
Mortgage-backed securities	\$ -	\$ 503	\$ -	\$ -	\$ 503
Other debt securities	\$ -	\$ 27	\$ -	\$ -	\$ 27
Other investments:					
NextEra Energy:					
Equity securities	\$ 3	\$ 4	\$ -	\$ -	\$ 7
U.S. Government and municipal bonds	\$ -	\$ 38	\$ -	\$ -	\$ 38
Corporate debt securities	\$ -	\$ 35	\$ -	\$ -	\$ 35
Mortgage-backed securities	\$ -	\$ 31	\$ -	\$ -	\$ 31
Other	\$ 4	\$ -	\$ -	\$ -	\$ 4
Derivatives:					
NextEra Energy	\$ 988	\$ 1,089	\$ 801	\$ (2,192)	\$ 686 <sup>(c)</sup>
FPL	\$ -	\$ 20	\$ 13	\$ (19)	\$ 14 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy	\$ 1,110	\$ 1,106	\$ 437	\$ (2,262)	\$ 391 <sup>(c)</sup>
FPL	\$ -	\$ 95	\$ 2	\$ (19)	\$ 78 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately \$918 million (\$836 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 2 for a reconciliation of net derivatives to NextEra Energy's and FPL's condensed consolidated balance sheets.

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The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Three Months Ended September 30,			
	2010		2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at June 30	\$ 347	\$ 7	\$ 485	\$ 8
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	173	-	52	-
Included in regulatory assets and liabilities	3	3	(2)	(2)
Purchases, sales, settlements and net option premiums	54	(2)	(157)	1
Net transfers in/out <sup>(b)</sup>	(15)	-	(9)	-
Fair value of net derivatives based on significant unobservable inputs at September 30	\$ 562	\$ 8	\$ 369	\$ 7
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	\$ 184	\$ -	\$ 54	\$ -

- (a) For the three months ended September 30, 2010 and 2009, \$171 million and \$52 million, respectively, of realized and unrealized gains are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended September 30, 2010, \$2 million of realized and unrealized gains are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.
- (b) For the three months ended September 30, 2010, gross transfers of \$(1) million into Level 3 were a result of decreased observability of market data, and gross transfers of \$14 million from Level 3 to Level 2 were a result of increased observability of market data. NextEra Energy's and FPL's policy is to recognize all transfers at the beginning of the reporting period.
- (c) For the three months ended September 30, 2010 and 2009, \$183 million and \$54 million, respectively, of unrealized gains are reflected in operating revenues in the condensed consolidated statements of income. For the three months ended September 30, 2010, \$1 million of unrealized gains are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

	Nine Months Ended September 30,			
	2010		2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$ 364	\$ 11	\$ 404	\$ (1)
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	523	-	437	-
Included in regulatory assets and liabilities	2	2	3	3
Purchases, sales, settlements and net option premiums	(284)	(5)	(403)	6
Net transfers in/out <sup>(b)</sup>	(43)	-	(72)	(1)
Fair value of net derivatives based on significant unobservable inputs at September 30	\$ 562	\$ 8	\$ 369	\$ 7
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	\$ 381	\$ -	\$ 260	\$ -

- (a) For the nine months ended September 30, 2010 and 2009, \$515 million and \$437 million, respectively, of realized and unrealized gains are reflected in operating revenues in the condensed consolidated statements of income. For the nine months ended September 30, 2010, \$8 million of realized and unrealized gains are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.
- (b) For the nine months ended September 30, 2010, gross transfers of \$1 million into Level 3 were a result of decreased observability of market data, and gross transfers of \$44 million from Level 3 to Level 2 were a result of increased observability of market data. NextEra Energy's and FPL's policy is to recognize all transfers at the beginning of the reporting period.
- (c) For the nine months ended September 30, 2010 and 2009, \$377 million and \$260 million, respectively, of unrealized gains are reflected in operating revenues in the condensed consolidated statements of income. For the nine months ended September 30, 2010, \$4 million of unrealized gains are reflected in fuel, purchased power and interchange in the condensed consolidated statements of income.

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**4. Financial Instruments**

NextEra Energy and FPL adopted new accounting and disclosure provisions related to other than temporary impairments and the fair value of financial instruments beginning April 1, 2009. Under the new accounting provisions, an investment in a debt security is required to be assessed for an other than temporary impairment based on whether the entity has an intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized cost basis. Additionally, if the entity does not expect to recover the amortized cost of a debt security, an impairment is recognized in earnings equal to the estimated credit loss. For debt securities held as of April 1, 2009 for which an other than temporary impairment had been previously recognized but for which assessment under the new accounting provisions indicated the impairment was temporary, NextEra Energy recorded an adjustment to increase April 1, 2009 retained earnings by approximately \$5 million with a corresponding reduction in AOCI.

The carrying amounts of cash equivalents, notes payable and commercial paper approximate their fair values. At September 30, 2010 and December 31, 2009, other investments of NextEra Energy, not included in the table below, included financial instruments of approximately \$55 million and \$39 million, respectively, which primarily consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value.

The following estimates of the fair value of financial instruments have been made primarily using available market information. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

	September 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Special use funds	\$ 3,590 <sup>(a)</sup>	\$ 3,590 <sup>(b)</sup>	\$ 3,390 <sup>(a)</sup>	\$ 3,390 <sup>(b)</sup>
Other investments:				
Notes receivable	\$ 530	\$ 578 <sup>(c)</sup>	\$ 534	\$ 556 <sup>(c)</sup>
Debt securities	\$ 116 <sup>(d)</sup>	\$ 116 <sup>(b)</sup>	\$ 104 <sup>(d)</sup>	\$ 104 <sup>(b)</sup>
Equity securities	\$ 57	\$ 125 <sup>(e)</sup>	\$ 45	\$ 105 <sup>(e)</sup>
Long-term debt, including current maturities	\$ 19,379	\$ 20,769 <sup>(f)</sup>	\$ 16,869	\$ 17,256 <sup>(f)</sup>
Interest rate swaps - net unrealized losses	\$ (143)	\$ (143) <sup>(g)</sup>	\$ (17)	\$ (17) <sup>(g)</sup>
Foreign currency swaps - net unrealized gains (losses)	\$ 24	\$ 24 <sup>(g)</sup>	\$ (1)	\$ (1) <sup>(g)</sup>
FPL:				
Special use funds	\$ 2,548 <sup>(a)</sup>	\$ 2,548 <sup>(b)</sup>	\$ 2,408 <sup>(a)</sup>	\$ 2,408 <sup>(b)</sup>
Long-term debt, including current maturities	\$ 6,323	\$ 7,177 <sup>(f)</sup>	\$ 5,836	\$ 6,055 <sup>(f)</sup>

(a) At September 30, 2010, includes \$5 million of cash, \$53 million of investments accounted for under the equity method and \$15 million of loans not measured at fair value on a recurring basis (none, \$78 million and \$7 million, respectively, for FPL). For the remaining balance, see Note 3 for classification by major security type. The amortized cost of debt and equity securities is \$1,722 million and \$1,369 million, respectively, at September 30, 2010 and \$1,638 million and \$1,396 million, respectively, at December 31, 2009 (\$1,355 million and \$865 million, respectively, at September 30, 2010 and \$1,344 million and \$873 million, respectively, at December 31, 2009 for FPL).

(b) Based on quoted market prices for these or similar issues.

(c) Classified as held to maturity. Based on market prices provided by external sources. Notes receivable bear interest at variable rates based on an underlying index plus a margin and mature from 2014 to 2029.

(d) Classified as trading securities.

(e) Modeled internally based on latest market data.

(f) Provided by external sources based on market prices indicative of market conditions.

(g) Modeled internally based on market values using discounted cash flow analysis and credit valuation adjustment.

**Special Use Funds** - The special use funds consist of FPL's storm fund assets of \$126 million and NextEra Energy's and FPL's nuclear decommissioning fund assets of \$3,464 million and \$2,422 million, respectively, at September 30, 2010. The majority of investments held in the special use funds consist of equity and debt securities which are classified as available for sale and are carried at estimated fair value (see Note 3). For FPL's special use funds, consistent with regulatory treatment, market adjustments, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NextEra Energy's non-rate regulated operations, market adjustments result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as a loss in NextEra Energy's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at September 30, 2010 of approximately six years at both NextEra Energy and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at September 30, 2010 of approximately three years. The cost of securities sold is determined using the specific identification method.

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The approximate realized gains and losses and proceeds from the sale of available for sale securities are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30, 2010		Six Months Ended September 30, 2009	
	2010		2009					
	NextEra Energy	FPL	NextEra Energy	FPL	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)							
Realized gains	\$ 23	\$ 7	\$ 23	\$ 10	\$ 85	\$ 38	\$ 33	\$ 15
Realized losses	\$ 6	\$ 4	\$ 5	\$ 2	\$ 21	\$ 14	\$ 17	\$ 13
Proceeds from sale of securities	\$ 1,029	\$ 626	\$ 1,003	\$ 743	\$ 4,092	\$ 3,051	\$ 1,838	\$ 1,425

The unrealized gains on available for sale securities are as follows:

	September 30, 2010		December 31, 2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Equity securities	\$ 443	\$ 276	\$ 400	\$ 240
U.S. Government and municipal bonds	\$ 34	\$ 32	\$ 14	\$ 13
Corporate debt securities	\$ 35	\$ 27	\$ 21	\$ 16
Mortgage-backed securities	\$ 24	\$ 21	\$ 22	\$ 18
Other debt securities	\$ 4	\$ 3	\$ 1	\$ 1

The total unrealized losses on available for sale debt securities and the fair value of available for sale debt securities in an unrealized loss position are as follows:

	September 30, 2010				December 31, 2009			
	NextEra Energy <sup>(a)</sup>		FPL <sup>(a)</sup>		NextEra Energy <sup>(a)</sup>		FPL <sup>(a)</sup>	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(millions)							
U.S. Government and municipal bonds	\$ -	\$ 13	\$ -	\$ 12	\$ 6	\$ 255	\$ 5	\$ 207
Corporate debt securities	\$ 1	\$ 17	\$ -	\$ 3	\$ 2	\$ 104	\$ 1	\$ 84
Mortgage-backed securities	\$ -	\$ 127	\$ 1	\$ 94	\$ 4	\$ 225	\$ 3	\$ 184
Other debt securities	\$ -	\$ 14	\$ -	\$ 8	\$ -	\$ 10	\$ -	\$ 8

(a) At September 30, 2010, securities in an unrealized loss position for greater than twelve months were not material to NextEra Energy or FPL. At December 31, 2009, NextEra Energy had 47 securities in an unrealized loss position for greater than twelve months, including 18 securities for FPL. The total unrealized loss on these securities was approximately \$3 million and the fair value was approximately \$37 million for NextEra Energy, including approximately \$2 million of unrealized losses with a fair value of approximately \$25 million for FPL. Consistent with regulatory treatment for FPL, marketable securities held in special use 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.

Regulations issued by the Federal Energy Regulatory Commission (FERC) and the U.S. Nuclear Regulatory Commission (NRC) provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit investments in any securities of NextEra Energy or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NextEra Energy Resources' nuclear plants are contained in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for NextEra Energy Resources' Seabrook Station (Seabrook) nuclear plant, decommissioning fund contributions and withdrawals are also regulated by the Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of NextEra Energy and FPL and rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

*Interest Rate and Foreign Currency Swaps* - NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. In addition, with respect to certain debt issuances and borrowings, FPL Group Capital has entered into three cross currency swaps, two to hedge against currency movements with respect to both interest and principal payments and one to hedge against currency and interest rate movements with respect to both interest and principal payments.

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**5. Income Taxes**

NextEra Energy's effective income tax rate for the three months ended September 30, 2010 and 2009 was approximately 25% for both periods. The reduction from the federal statutory rate mainly reflects the benefit of wind production tax credits (PTCs) of approximately \$66 million and \$50 million, respectively, related to NextEra Energy Resources' wind projects, as well as a one-time income tax benefit of \$24 million related to employee benefits. PTCs can significantly affect NextEra Energy's effective income tax rate depending on the amount of pretax income and wind generation. The corresponding rates and amounts for the nine months ended September 30, 2010 and 2009 were approximately 24% and 18%, respectively, and approximately \$229 million and \$190 million, respectively.

NextEra Energy 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. NextEra Energy uses 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.

NextEra Energy's effective income tax rate for the three months ended September 30, 2010 and 2009 also reflects a \$26 million deferred tax benefit, in each period, associated with grants (convertible investment tax credits (ITCs)) under the American Recovery and Reinvestment Act of 2009 (Recovery Act) for certain wind projects expected to be placed in service. The corresponding amounts for the nine months ended September 30, 2010 and 2009 are \$56 million and \$58 million.

**6. Comprehensive Income**

NextEra Energy's comprehensive income is as follows:

	Three Months Ended September 30,	
	2010	2009
	(millions)	
Net income of NextEra Energy	\$ 720	\$ 533
Net unrealized gains (losses) on cash flow hedges:		
Effective portion of net unrealized losses (net of \$25 and \$2 tax benefit, respectively)	(46)	(4)
Reclassification from AOCI to net income (net of \$7 and \$23 tax benefit, respectively)	(3)	(33)
Net unrealized gains (losses) on available for sale securities:		
Net unrealized gains on securities still held (net of \$25 and \$36 tax expense, respectively)	39	53
Reclassification from AOCI to net income (net of \$2 and \$3 tax benefit, respectively)	(2)	(3)
Defined benefit pension and other benefits plans (net of \$1 tax benefit)	-	(1)
Net unrealized gains on foreign currency translation (net of \$5 and \$3 tax expense, respectively)	10	6
Comprehensive income of NextEra Energy	<u>\$ 718</u>	<u>\$ 551</u>
	Nine Months Ended September 30,	
	2010	2009
	(millions)	
Net income of NextEra Energy	\$ 1,694	\$ 1,267
Net unrealized gains (losses) on cash flow hedges:		
Effective portion of net unrealized gains (losses) (net of \$55 tax benefit and \$80 tax expense, respectively)	(98)	118
Reclassification from AOCI to net income (net of \$27 and \$50 tax benefit, respectively)	(30)	(71)
Net unrealized gains (losses) on available for sale securities:		
Net unrealized gains on securities still held (net of \$45 and \$71 tax expense, respectively)	26	104
Reclassification from AOCI to net income (net of \$9 and \$5 tax benefit, respectively)	(17)	(7)
Defined benefit pension and other benefits plans (net of \$2 tax benefit)	-	(3)
Net unrealized gains (losses) on foreign currency translation (net of \$1 tax benefit and \$4 tax expense, respectively)	(3)	9
Comprehensive income of NextEra Energy	<u>\$ 1,572</u>	<u>\$ 1,417</u>

Approximately \$3 million of gains included in NextEra Energy's AOCI at September 30, 2010, related to derivative instruments, are expected to be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or principal and/or interest payments are made. Such amount assumes no change in fuel prices, power prices, interest rates or scheduled principal payments. AOCI is separately displayed on the condensed consolidated balance sheets of NextEra Energy. FPL's comprehensive income is the same as its reported net income.

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**7. Variable Interest Entities**

Effective January 1, 2010, NextEra Energy and FPL adopted new accounting guidance which modified the consolidation model in previous guidance and expanded the disclosures related to variable interest entities (VIE). An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity 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. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Upon adoption of this new accounting guidance, neither NextEra Energy nor FPL was required to consolidate any additional VIEs or deconsolidate any VIEs. NextEra Energy and FPL evaluate whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. As of September 30, 2010, NextEra Energy has eight VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

*FPL* - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the Florida Public Service Commission (FPSC). FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Four hurricanes in 2005 and three hurricanes in 2004 caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and approximately \$200 million to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$433 million at September 30, 2010 and consisted primarily of storm-recovery property, which is included in securitized storm-recovery costs on NextEra Energy's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately \$535 million at September 30, 2010 and consisted primarily of storm-recovery bonds, which are included in long-term debt on NextEra Energy's and FPL's condensed consolidated balance sheets.

FPL identified a potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a PPA effective in 1994 with this 250 megawatt (mw) coal-fired qualifying facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per mwh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE or whether FPL is the primary beneficiary of the facility. The PPA with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility 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 facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the three months ended September 30, 2010 and 2009, FPL purchased 462,021 mwh and 458,727 mwh, respectively, from the facility at a total cost of approximately \$49 million and \$47 million, respectively. During the nine months ended September 30, 2010 and 2009, FPL purchased 1,197,563 mwh and 1,267,556 mwh, respectively, from the facility at a total cost of approximately \$140 million and \$130 million, respectively.

Additionally, FPL entered into a PPA effective 1995 with a 330 mw coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are passed on to FPL's customers through the fuel clause as approved by the FPSC.

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In March 2010, FPL terminated its nuclear fuel lease agreements with a VIE from which it had previously leased nuclear fuel. Upon termination of the lease agreements, FPL no longer consolidates the VIE since it no longer has a variable interest in the lessor. Upon deconsolidation, FPL did not recognize any gain or loss and there was no significant effect on NextEra Energy's and FPL's condensed consolidated balance sheets.

*NextEra Energy Resources* - NextEra Energy consolidates six NextEra Energy Resources' VIEs. NextEra Energy Resources is considered the primary beneficiary of these VIEs since NextEra Energy Resources controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

Three of NextEra Energy Resources' VIEs consolidate several entities which own and operate natural gas and/or oil electric generating facilities with the capability of producing a total of 1,285 mw. These VIEs sell their electric output under power sales contracts to third parties, with expiration dates ranging from 2018 through 2022. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. These VIEs use third party debt and/or equity to finance their operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$832 million and \$239 million, respectively, at September 30, 2010 and consisted primarily of property, plant and equipment and long-term debt.

The other three NextEra Energy Resources' VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 1,077 mw and an entity which owns and operates a 78 mile, 230 kilovolt transmission line. These VIEs sell their electric output under power sales contracts to third parties with expiration dates ranging from 2018 through 2034. The VIEs use both third-party debt and equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$1.7 billion and \$1.6 billion, respectively, at September 30, 2010, and consisted primarily of property, plant and equipment, and a deferred liability associated with the differential membership interests (recorded in other liabilities on NextEra Energy's condensed consolidated balance sheet) and long-term debt.

*Other* - As of September 30, 2010, several NextEra Energy subsidiaries have investments totaling approximately \$590 million (\$405 million at FPL) in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included in special use funds and other investments on NextEra Energy's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. NextEra Energy is considered the primary beneficiary and therefore consolidates one of these entities with total assets of approximately \$51 million. NextEra Energy is considered the primary beneficiary of this entity because FPL and NextEra Energy Resources are each equal and the only investors in this entity, and combined they absorb substantially all of the expected losses and residual returns. With respect to the other entities, NextEra Energy subsidiaries are not the primary beneficiary and therefore do not consolidate any of these entities because NextEra Energy subsidiaries do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

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**8. Common Stock**

*Earnings Per Share* - The reconciliation of NextEra Energy's basic and diluted earnings per share of common stock is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(millions, except per share amounts)			
Numerator - net income	\$ 720	\$ 533	\$ 1,694	\$ 1,267
Denominator:				
Weighted-average number of common shares outstanding - basic	410.9	405.1	409.1	403.7
Restricted stock, performance share awards, options, warrants and equity units <sup>(a)</sup>	2.8	2.9	2.5	2.7
Weighted-average number of common shares outstanding - assuming dilution	413.7	408.0	411.6	406.4
Earnings per share of common stock:				
Basic	\$ 1.75	\$ 1.32	\$ 4.14	\$ 3.14
Assuming dilution	\$ 1.74	\$ 1.31	\$ 4.11	\$ 3.12

(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 was the end of the term of the award. Restricted stock, performance share awards, options, warrants and equity units are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable pursuant to equity units and stock options, restricted stock and performance share awards which were not included in the denominator above due to their antidilutive effect were approximately 9.4 million and 0.5 million for the three months ended September 30, 2010 and 2009, respectively, and 8.2 million and 0.8 million for the nine months ended September 30, 2010 and 2009, respectively.

*Continuous Offering of NextEra Energy Common Stock* - In January 2009, NextEra Energy entered into an agreement under which NextEra Energy may offer and sell, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During the three and nine months ended September 30, 2010, NextEra Energy received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$80 million and \$125 million, respectively. Since inception of the agreement through September 30, 2010, NextEra Energy has received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$286 million.

**9. Debt**

As of September 30, 2010, long-term debt issuances and borrowings by subsidiaries of NextEra Energy during 2010 were as follows:

Date Issued	Company	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	6.56%	\$ 305	2030
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 100	2013
April 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	Variable <sup>(a)(b)</sup>	\$ 255	2027
May 2010	FPL Group Capital	Debentures	2.55% <sup>(b)</sup>	\$ 250	2013
June 2010	NextEra Energy Resources subsidiary	Limited recourse term loan	Variable <sup>(a)</sup>	\$ 78	2015
August 2010	FPL Group Capital	Debentures	2.60% <sup>(b)</sup>	\$ 400	2015
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 50	2013
September 2010	FPL Group Capital	Debentures related to NextEra Energy's equity units	1.90%	\$ 403	2015
September 2010	FPL Group Capital	Japanese yen denominated senior notes	5.1325% <sup>(c)</sup>	\$ 120 <sup>(c)</sup>	2030
September 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse term loan	Variable <sup>(a)(b)</sup>	\$ 297	2028
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 50	2013
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	\$ 110	2014

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements were entered into with respect to these issuances.

(c) Reflects a currency swap agreement entered into with respect to both interest and principal payments on this issuance.

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In September 2010, NextEra Energy sold \$402.5 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of \$50 and consists of a contract to purchase NextEra Energy common stock (stock purchase contract) and, initially, a 1/20, or 5%, undivided beneficial ownership interest in a Series D Debenture due September 1, 2015 issued in the principal amount of \$1,000 by FPL Group Capital (see table above). Each stock purchase contract will require the holder to purchase NextEra Energy common stock for \$50 in cash, with the amount of common stock to be purchased being based on a price per share range of \$55.02 to \$68.78 (subject to adjustment under certain circumstances). Total annual distributions on the equity units will be at the rate of 7%, consisting of interest on the debentures (1.90% per year) and payments under the stock purchase contracts (5.10% per year). The holder of an equity unit must complete the stock purchase by no later than September 1, 2013, and may satisfy its purchase obligation with proceeds raised from remarketing the FPL Group Capital debentures that comprise part of its equity unit. The debentures are fully and unconditionally guaranteed by NextEra Energy.

**10. Commitments and Contingencies**

*Commitments* - NextEra Energy 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 NextEra Energy Resources, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other primarily include FPL FiberNet, LLC's (FPL FiberNet) costs to meet customer-specific requirements and maintain its fiber-optic network.

At September 30, 2010, estimated planned capital expenditures for the remainder of 2010 through 2014 were as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
	(millions)					
<b>FPL:</b>						
Generation: <sup>(a)</sup>						
New <sup>(b)(c)</sup>	\$ 300	\$ 1,520	\$ 1,870	\$ 500	\$ 105	\$ 4,295
Existing	205	640	570	610	665	2,690
Transmission and distribution	115	675	855	810	750	3,205
Nuclear fuel	45	200	175	250	205	875
General and other	40	90	140	90	120	480
Total	<u>\$ 705</u>	<u>\$ 3,125</u>	<u>\$ 3,610</u>	<u>\$ 2,260</u>	<u>\$ 1,845</u>	<u>\$ 11,545</u>
<b>NextEra Energy Resources:</b>						
Wind <sup>(d)</sup>	\$ 220	\$ 280	\$ 5	\$ 15	\$ 5	\$ 525
Nuclear <sup>(e)</sup>	170	445	320	250	245	1,430
Solar <sup>(f)</sup>	95	845	855	405	40	2,240
Natural gas	10	135	30	50	40	265
Other <sup>(g)</sup>	40	75	70	55	60	300
Total	<u>\$ 535</u>	<u>\$ 1,780</u>	<u>\$ 1,280</u>	<u>\$ 775</u>	<u>\$ 390</u>	<u>\$ 4,760</u>
<b>Corporate and Other<sup>(h)</sup></b>	<u>\$ 10</u>	<u>\$ 75</u>	<u>\$ 30</u>	<u>\$ 25</u>	<u>\$ 30</u>	<u>\$ 170</u>

(a) Includes allowance for funds used during construction (AFUDC) of approximately \$14 million, \$47 million, \$71 million, \$88 million and \$28 million in 2010 to 2014, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Includes projects that have received FPSC approval. Includes pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs recoverable through the capacity clause of approximately \$33 million, \$98 million, \$75 million and \$24 million in 2010 to 2013, respectively. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) Consists of capital expenditures for planned new wind projects that have received applicable internal approvals, and related transmission. NextEra Energy Resources plans to add new wind generation of approximately 3,500 mw to 5,000 mw in 2010 through 2014, including approximately 680 mw in 2010 and 700 mw to 1,000 mw in 2011, at a total cost of approximately \$7 billion to \$10 billion.

(e) Includes nuclear fuel.

(f) Consists of capital expenditures for planned new solar projects that have received applicable internal approvals. NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014 at a total cost of approximately \$3 billion to \$4 billion.

(g) Consists of capital expenditures that have received applicable internal approvals. NextEra Energy Resources plans to add natural gas infrastructure projects totaling approximately \$400 million to \$600 million in 2010 through 2014.

(h) Consists of capital expenditures that have received applicable internal approvals. Excludes capital expenditures for a transmission line in Texas totaling approximately \$800 million through 2014.

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NextEra Energy has guaranteed certain payment obligations of FPL Group Capital, including most payment obligations under FPL Group Capital's debt and guarantees. Additionally, at September 30, 2010, subsidiaries of NextEra Energy, other than FPL, in the normal course of business, have guaranteed certain debt service and fuel payments of non-consolidated entities of NextEra Energy Resources. The terms of the guarantees relating to the non-consolidated entities are equal to the terms of the related agreements/contracts, with remaining terms ranging from less than one year to seven years. The maximum potential amount of future payments that could be required under these guarantees at September 30, 2010 was approximately \$54 million. At September 30, 2010, NextEra Energy did not have any liabilities recorded for these guarantees. In certain instances, NextEra Energy can seek recourse from third parties for amounts paid under the guarantees. At September 30, 2010, the fair value of these guarantees was not material.

*Contracts* - In addition to the estimated planned capital expenditures included in the table in Commitments above, FPL has commitments under 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 1,330 mw annually through 2015 and 375 mw annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 695 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from December 2010 through 2032. 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 one agreement with an electricity supplier to purchase approximately 155 mw of power with an expiration date of 2012. In general, the agreement requires FPL to make a capacity payment and supply the fuel consumed by the plant under the contract. FPL has contracts with expiration dates through 2032 for the purchase and transportation of natural gas and coal, and storage of natural gas.

NextEra Energy Resources has entered into contracts primarily for the purchase of wind turbines and towers, solar reflectors, steam turbine generators and heat collection elements and related construction activities, as well as for the supply, conversion, enrichment and fabrication of nuclear fuel, with expiration dates ranging from December 2010 through 2022, approximately \$867 million of which is included in the estimated planned capital expenditures table in Commitments above. In addition, NextEra Energy Resources has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from October 2010 through 2033.

The required capacity and/or minimum payments under the contracts discussed above as of September 30, 2010 were estimated as follows:

	2010	2011	2012	2013	2014	Thereafter
	(millions)					
FPL:						
Capacity payments: <sup>(a)</sup>						
Qualifying facilities	\$ 75	\$ 270	\$ 290	\$ 270	\$ 275	\$ 2,890
JEA and Southern subsidiaries	\$ 50	\$ 210	\$ 210	\$ 205	\$ 185	\$ 355
Other electricity suppliers	\$ -	\$ 10	\$ 5	\$ -	\$ -	\$ -
Minimum payments, at projected prices:						
Natural gas, including transportation and storage <sup>(b)</sup>	\$ 420	\$ 1,815	\$ 780	\$ 405	\$ 395	\$ 4,475
Oil <sup>(b)</sup>	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ -
Coal <sup>(b)</sup>	\$ 20	\$ 70	\$ 15	\$ 10	\$ 5	\$ -
NextEra Energy Resources <sup>(c)</sup>	\$ 680	\$ 245	\$ 140	\$ 100	\$ 65	\$ 775

(a) Capacity payments under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$126 million and \$152 million for the three months ended September 30, 2010 and 2009, respectively, and approximately \$412 million and \$459 million for the nine months ended September 30, 2010 and 2009, respectively. Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately \$139 million and \$132 million for the three months ended September 30, 2010 and 2009, respectively, and approximately \$352 million and \$336 million for the nine months ended September 30, 2010 and 2009, respectively.

(b) Recoverable through the fuel clause.

(c) Includes termination payments associated with wind turbine contracts for projects that have not yet received applicable internal approvals.

In addition, FPL has entered into two long-term agreements for transportation of natural gas from facilities that have not yet completed construction. These agreements range from 5 to 25 years in length and contain firm commitments by FPL totaling up to approximately \$173 million annually or \$4.2 billion over the terms of the agreements. These firm commitments are contingent upon the completion of construction of the facilities in 2011.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
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*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, NextEra Energy maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.2 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, NextEra Energy is subject to retrospective assessments of up to \$940 million (\$470 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed \$140 million (\$70 million for FPL) per incident per year. NextEra Energy and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold Energy Center (Duane Arnold) and St. Lucie Unit No. 2, which approximates \$14 million, \$35 million and \$18 million, plus any applicable taxes, per incident, respectively.

NextEra Energy 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. NextEra Energy 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 NextEra Energy's or another participating insured's nuclear plants, NextEra Energy could be assessed up to \$164 million (\$95 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NextEra Energy 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, \$4 million and \$3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, FPL does not have insurance coverage for a substantial portion of its transmission and distribution property and NextEra Energy has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law. See *Regulatory Proceedings* below.

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 NextEra Energy and FPL and could have a material adverse effect on NextEra Energy's and FPL's financial condition and results of operations.

*Legal Proceedings* - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, 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. The EPA has made revisions to its civil penalty rule such that the maximum penalty is \$27,500 per day for each violation from January 31, 1997 through March 15, 2004, \$32,500 per day for each violation from March 16, 2004 through January 12, 2009 and \$37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiffs' 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 and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the Supreme Court's decision.

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In 1995 and 1996, NextEra Energy, 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. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NextEra Energy 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. NextEra Energy has filed an answer to the complaint. NextEra Energy 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 NextEra Energy, 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 scheduled for trial in June 2011.

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 (NextEra Energy Resources Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. FPL Energy, LLC, now known as NextEra Energy Resources, LLC, was added as a defendant in 2005. The petition alleged that the NextEra Energy Resources Affiliates had contractual obligations to produce and sell to TXU a minimum quantity of renewable energy credits each year during the period from 2002 through 2005 and that the NextEra Energy Resources Affiliates failed to meet this obligation. The plaintiff asserted claims for breach of contract and declaratory judgment and sought damages of approximately \$34 million. Following a jury trial in 2007, among other findings, both TXU and the NextEra Energy Resources Affiliates were found to have breached the contracts. In August 2008, the trial court issued a final judgment holding that the contracts were not terminated and neither party was entitled to recover any damages. In November 2008, TXU appealed the final judgment to the Fifth District Court of Appeals in Dallas, Texas. In an opinion issued in July 2010, the appellate court reversed portions of the trial court's judgment, ruling that TXU is entitled to recover damages for contract breach against the NextEra Energy Resources Affiliates under a liquidated damages provision in the contracts. The appellate court has remanded the case back to the trial court for proceedings to determine the amount of damages payable by the NextEra Energy Resources Affiliates under the liquidated damages provision. The NextEra Energy Resources Affiliates filed a motion for rehearing of the appellate court's decision and will appeal the decision to the Texas Supreme Court should a rehearing not be granted.

NextEra Energy and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NextEra Energy and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which NextEra Energy or FPL has an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the liabilities from which, if any, would be shared by NextEra Energy or FPL. In the event that NextEra Energy and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, 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 NextEra Energy or FPL.

*Regulatory Proceedings* - On March 17, 2010, the FPSC issued its final order (FPSC rate order) with regard to FPL's March 2009 petition (2009 rate case) requesting, among other things, a permanent base rate increase. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory return on common equity (ROE) of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion for reconsideration and clarification (FPL motion) asking the FPSC to correct specific computational errors in the FPSC rate order (reconsideration errors) and to clarify an apparent inconsistency relating to the computation of the annual depreciation expense used in setting FPL's retail base rates (depreciation inconsistency). Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending.

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On August 20, 2010, FPL, the State of Florida Office of Public Counsel, the Florida Attorney General's Office and all other principal parties in FPL's 2009 rate case signed a stipulation and settlement regarding FPL's retail base rates (2010 rate agreement). Key elements of the 2010 rate agreement are as follows:

- Subject to the provisions of the 2010 rate agreement, retail base rates will remain frozen through the end of 2012.
- Incremental cost recovery through FPL's capacity clause for the new combined-cycle natural gas unit at FPL's West County Energy Center (WCEC), which is expected to be placed in service by mid-2011, will be permitted up to the amount of the projected fuel savings for customers during the term of the 2010 rate agreement.
- Future storm restoration costs would be recoverable on an accelerated basis beginning 60 days from the filing of a petition but capped at an amount that produces no more than a \$4 surcharge for every 1,000 kwh of usage on residential bills during the first 12 months. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge for the amount above \$800 million.
- The midpoint of FPL's authorized regulatory ROE range will remain 10%. If the earned regulatory ROE falls below 9%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11%, the parties to the 2010 rate agreement may seek a reduction in FPL's retail base rates.
- FPL can vary the amount of surplus depreciation taken in any one calendar year up to a maximum of \$267 million (with any unused portion of the maximum rolling over to and available in subsequent years), provided its earned regulatory ROE remains within the range of 9% to 11%. In determining the regulatory ROE for all purposes under the 2010 rate agreement, earnings will be calculated using an actual, non-weather-adjusted basis. FPL may use up to a maximum of \$776 million in surplus depreciation over the course of the 2010 rate agreement.
- All motions for reconsideration of the FPSC rate order, including FPL's motion, will be withdrawn, and all parties agree to not appeal that order.

The 2010 rate agreement is subject to, and will not become effective until, approval by the FPSC, and action by the FPSC is pending. If approved, the 2010 rate agreement will be effective through December 31, 2012, and will resolve all matters in FPL's 2009 rate case. NextEra Energy's and FPL's 2010 condensed consolidated financial statements contained herein reflect the effects of the 2010 rate agreement because management believes it is probable that the 2010 rate agreement will ultimately be approved by the FPSC. However, if the 2010 rate agreement is not approved by the FPSC, based on the terms of the FPSC rate order NextEra Energy's and FPL's depreciation and amortization expense as reflected in the 2010 condensed consolidated statements of income herein would have been reduced by approximately \$168 million (\$200 million assuming FPL's motion is granted) and NextEra Energy's and FPL's net income would have increased by approximately \$103 million (\$123 million assuming FPL's motion is granted) for the three and nine months ended September 30, 2010. FPL cannot predict with certainty whether or when the 2010 rate agreement will be approved by the FPSC, or if not approved, the outcome of the FPL motion proceedings, which could be different from that requested.

## 11. Segment Information

NextEra Energy's reportable segments include FPL, a rate-regulated utility, and NextEra Energy Resources, a competitive energy business. Beginning in 2010, NextEra Energy Resources' financial statements include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. These changes were made to reflect an expected average capital structure at FPL Group Capital and more accurately reflect NextEra Energy Resources' operating costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NextEra Energy's segment information is as follows:

	Three Months Ended September 30,							
	2010				2009			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corporate & Other	NextEra Energy Consoli- dated (millions)	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corporate & Other <sup>(c)</sup>	NextEra Energy Consoli- dated
Operating revenues	\$ 3,116	\$ 1,528	\$ 47	\$ 4,691	\$ 3,301	\$ 1,136	\$ 36	\$ 4,473
Operating expenses	\$ 2,532	\$ 997	\$ 37	\$ 3,566	\$ 2,747	\$ 850	\$ 27	\$ 3,624
Net income (loss) <sup>(b)</sup>	\$ 308	\$ 386	\$ 26	\$ 720	\$ 306	\$ 212	\$ 15	\$ 533

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	Nine Months Ended September 30,							
	2010				2009			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corporate & Other	NextEra Energy Consolidated (millions)	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corporate & Other <sup>(c)</sup>	NextEra Energy Consolidated
Operating revenues	\$ 8,024	\$ 3,739	\$ 141	\$ 11,904	\$ 8,738	\$ 3,136	\$ 114	\$ 11,988
Operating expenses	\$ 6,546	\$ 2,473	\$ 112	\$ 9,131	\$ 7,525	\$ 2,337	\$ 89	\$ 9,951
Net income (loss) <sup>(b)</sup>	\$ 764	\$ 907	\$ 23	\$ 1,694	\$ 646	\$ 603	\$ 18	\$ 1,267

	September 30, 2010				December 31, 2009			
	FPL	NextEra Energy Resources	Corporate & Other	NextEra Energy Consolidated (millions)	FPL	NextEra Energy Resources	Corporate & Other	NextEra Energy Consolidated
Total assets	\$28,740	\$ 22,059	\$ 1,935	\$ 52,734	\$26,812	\$ 20,136	\$ 1,510	\$ 48,458

(a) NextEra Energy Resources' interest expense is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by NextEra Energy Resources subsidiaries is included with debt. Residual non-utility interest expense is included in Corporate and Other.

(b) See Note 5 for a discussion of NextEra Energy Resources' tax benefits related to PTCs.

(c) Segment information restated for the changes listed above.

## 12. Summarized Financial Information of FPL Group Capital

FPL Group Capital, a 100% owned subsidiary of NextEra Energy, provides funding for, and holds ownership interests in, NextEra Energy'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 NextEra Energy. Condensed consolidating financial information is as follows:

### Condensed Consolidating Statements of Income

	Three Months Ended September 30,							
	2010				2009			
	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consolidated (millions)	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consolidated
Operating revenues	\$ -	\$ 1,578	\$ 3,113	\$ 4,691	\$ -	\$ 1,174	\$ 3,299	\$ 4,473
Operating expenses	(1)	(1,036)	(2,529)	(3,566)	-	(879)	(2,745)	(3,624)
Interest expense	(4)	(156)	(87)	(247)	(4)	(126)	(74)	(204)
Other income (deductions) - net	699	74	(691)	82	526	64	(520)	70
Income (loss) before income taxes	694	460	(194)	960	522	233	(40)	715
Income tax expense (benefit)	(26)	72	194	240	(11)	13	180	182
Net income (loss)	\$ 720	\$ 388	\$ (388)	\$ 720	\$ 533	\$ 220	\$ (220)	\$ 533

(a) Represents FPL and consolidating adjustments.

	Nine Months Ended September 30,							
	2010				2009			
	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consolidated (millions)	NextEra Energy (Guarantor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consolidated
Operating revenues	\$ -	\$ 3,888	\$ 8,016	\$ 11,904	\$ -	\$ 3,258	\$ 8,730	\$ 11,988
Operating expenses	(3)	(2,590)	(6,538)	(9,131)	(1)	(2,433)	(7,517)	(9,951)
Interest expense	(11)	(463)	(258)	(732)	(12)	(396)	(223)	(631)
Other income (deductions) - net	1,689	159	(1,663)	185	1,282	96	(1,245)	133
Income (loss) before income taxes	1,675	994	(443)	2,226	1,269	525	(255)	1,539
Income tax expense (benefit)	(19)	83	468	532	2	(98)	368	272
Net income (loss)	\$ 1,694	\$ 911	\$ (911)	\$ 1,694	\$ 1,267	\$ 623	\$ (623)	\$ 1,267

(a) Represents FPL and consolidating adjustments.

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Condensed Consolidating Balance Sheets

	September 30, 2010			December 31, 2009			
	NextEra Energy (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	FPL Group Capital	NextEra Energy Consoli- dated
				(millions)			
<b>PROPERTY, PLANT AND EQUIPMENT</b>							
Electric utility plant in service and other property	\$ 19	\$ 21,015	\$ 32,325	\$ 53,359	\$ 2	\$ 19,185	\$ 30,982
Less accumulated depreciation and amortization	-	(4,066)	(10,992)	(15,058)	-	(3,513)	(10,578)
Total property, plant and equipment - net	19	16,949	21,333	38,301	2	15,672	20,404
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	-	755	36	791	-	156	82
Receivables	822	876	422	2,120	453	1,247	2,247
Other	6	1,727	1,132	2,865	4	1,258	590
Total current assets	828	3,358	1,590	5,776	457	2,661	1,219
<b>OTHER ASSETS</b>							
Investment in subsidiaries	13,879	-	(13,879)	-	12,785	-	(12,785)
Other	323	3,895	4,439	8,657	557	3,257	4,229
Total other assets	14,202	3,895	(9,440)	8,657	13,342	3,257	(8,556)
<b>TOTAL ASSETS</b>	<u>\$ 15,049</u>	<u>\$ 24,202</u>	<u>\$ 13,483</u>	<u>\$ 52,734</u>	<u>\$ 13,801</u>	<u>\$ 21,590</u>	<u>\$ 13,067</u>
<b>CAPITALIZATION</b>							
Common shareholders' equity	\$ 14,151	\$ 4,269	\$ (4,269)	\$ 14,151	\$ 12,967	\$ 4,349	\$ (4,349)
Long-term debt	-	11,402	6,278	17,680	-	10,506	5,794
Total capitalization	14,151	15,671	2,009	31,831	12,967	14,855	1,445
<b>CURRENT LIABILITIES</b>							
Debt due within one year	-	2,503	285	2,788	-	1,729	860
Accounts payable	1	461	637	1,099	-	453	539
Other	493	1,554	1,253	3,300	417	1,170	1,281
Total current liabilities	494	4,518	2,175	7,187	417	3,352	2,680
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>							
Asset retirement obligations	-	575	1,907	2,482	-	585	1,833
Accumulated deferred income taxes	79	1,477	3,593	5,149	94	1,318	3,448
Regulatory liabilities	14	-	3,257	3,271	16	-	3,166
Other	311	1,961	542	2,814	307	1,480	495
Total other liabilities and deferred credits	404	4,013	9,299	13,716	417	3,383	8,942
<b>COMMITMENTS AND CONTINGENCIES</b>							
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 15,049</u>	<u>\$ 24,202</u>	<u>\$ 13,483</u>	<u>\$ 52,734</u>	<u>\$ 13,801</u>	<u>\$ 21,590</u>	<u>\$ 13,067</u>

(a) Represents FPL and consolidating adjustments.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
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Condensed Consolidating Statements of Cash Flows

	Nine Months Ended September 30,						
	2010			2009			
	NextEra Energy (Guaran- tor)	FPL Group Capital	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	FPL Group Capital	NextEra Energy Consoli- dated
				(millions)			
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,079	\$ 1,198	\$ 492	\$ 2,769	\$ 532	\$ 1,250	\$ 3,326
CASH FLOWS FROM INVESTING ACTIVITIES							
Capital expenditures, independent power and other investments and nuclear fuel purchases	-	(1,983)	(2,106)	(4,089)	-	(2,067)	(4,040)
Capital contribution to FPL	(660)	-	660	-	-	-	-
Cash grants under the Recovery Act	-	426	130	556	-	-	-
Other - net	-	(13)	(10)	(23)	(131)	13	22
Net cash used in investing activities	(660)	(1,570)	(1,326)	(3,556)	(131)	(2,054)	(4,018)
CASH FLOWS FROM FINANCING ACTIVITIES							
Issuances of long-term debt	-	2,495	523	3,018	-	1,884	2,389
Retirements of long-term debt	-	(530)	(41)	(571)	-	(1,149)	(1,412)
Proceeds from sale of differential membership interests	-	261	-	261	-	-	-
Net change in short-term debt	-	(357)	(578)	(935)	-	(338)	(284)
Issuances of common stock - net	184	-	-	184	186	-	186
Dividends on common stock	(616)	-	-	(616)	(574)	-	(574)
Other - net	13	(898)	884	(1)	(13)	123	16
Net cash provided by (used in) financing activities	(419)	971	788	1,340	(401)	520	321
Net increase (decrease) in cash and cash equivalents	-	599	(46)	553	-	(284)	(371)
Cash and cash equivalents at beginning of period	-	156	82	238	-	414	535
Cash and cash equivalents at end of period	\$ -	\$ 755	\$ 36	\$ 791	\$ -	\$ 130	\$ 164

(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 2009 Form 10-K for NextEra Energy 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 period.

### Results of Operations

NextEra Energy and NextEra Energy Resources segregate into two categories unrealized mark-to-market gains and losses on energy derivative transactions which are used to manage commodity price risk. The first category, referred to as trading activities, represents the net unrealized effect of actively traded positions entered into to optimize the value of generation assets and related contracts and to take advantage of market price movements. 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 or for which hedge accounting has not been elected, and the ineffective portion of transactions accounted for as cash flow hedges. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. See Note 2.

NextEra Energy's management uses earnings excluding certain items (adjusted earnings) internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as input in determining whether performance targets are met for performance-based compensation under NextEra Energy's employee incentive compensation plans. NextEra Energy also uses adjusted earnings when communicating its earnings outlook to investors. Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges and other than temporary impairment (OTTI) losses on securities held in NextEra Energy Resources' nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). NextEra Energy'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. Adjusted earnings do not represent a substitute for net income, as prepared in accordance with generally accepted accounting principles.

*Summary* - Presented below is a summary of net income by reportable segment (see Note 11). Beginning in 2010, NextEra Energy Resources' results include non-utility interest expense on a deemed capital structure of 70% debt and allocated shared service costs. NextEra Energy's other reportable segment, FPL, a rate-regulated utility, was not affected by these changes. Prior year segment data of NextEra Energy Resources and Corporate and Other has been restated to include the effect of these changes. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Increase	2010	2009	Increase
	(millions)					
FPL	\$ 308	\$ 306	\$ 2	\$ 764	\$ 646	\$ 118
NextEra Energy Resources	386	212	174	907	603	304
Corporate and Other	26	15	11	23	18	5
NextEra Energy Consolidated	<u>\$ 720</u>	<u>\$ 533</u>	<u>\$ 187</u>	<u>\$ 1,694</u>	<u>\$ 1,267</u>	<u>\$ 427</u>

The increase in FPL's results for the three months ended September 30, 2010 reflects higher retail customer usage, a retail base rate increase resulting from the placement in service of WCEC Units Nos. 1 and 2 and the impact of the FPSC rate order, partly offset by higher depreciation and amortization expense. The increase in retail customer usage compared to the prior year period is primarily due to warmer weather and other factors. The increase in depreciation and amortization expense is primarily due to a reversal, in accordance with the 2010 rate agreement, of previously recorded depreciation reserve surplus amortization. The increase in FPL's results for the nine months ended September 30, 2010 reflects higher retail customer usage, a retail base rate increase resulting from the placement in service of WCEC Units Nos. 1 and 2, the impact of the FPSC rate order and higher cost recovery clause results, partly offset by higher depreciation and amortization expense recovered through base rates, higher operations and maintenance (O&M), property tax and interest expenses and a lower equity component of AFUDC (AFUDC - equity). The increase compared to the prior year period in retail customer usage reflects colder weather in the first quarter and warmer weather in the second and third quarters, and other factors.

On March 17, 2010, the FPSC rate order was issued with regard to FPL's 2009 rate case requesting, among other things, a permanent base rate increase. The FPSC rate order, which established new retail base rates for FPL effective March 1, 2010, included an increase in retail base revenues of approximately \$75 million on an annualized basis, established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. The FPSC rate order also directed FPL to reduce depreciation expense related to a depreciation reserve surplus of approximately \$895 million over the 2010 to 2013 period.

On April 1, 2010, FPL filed a motion asking the FPSC to correct the reconsideration errors and to clarify the depreciation inconsistency. Regardless of whether the FPSC ultimately concludes that revenue requirements should be higher or lower than the retail base rates implemented on March 1, 2010, the FPL motion requested that the FPSC resolve the reconsideration errors and depreciation inconsistency through an adjustment to depreciation expense which would keep retail base rates and revenues the same as set forth in the FPSC rate order and currently in effect. The FPSC's ruling on the FPL motion is pending. However, on August 20, 2010, FPL and all the principal parties in FPL's 2009 rate case signed a 2010 rate agreement which is subject to, and will not become effective until, approval by the FPSC, and action by the FPSC is pending. If approved, the 2010 rate agreement will be effective through December 31, 2012, and will resolve all matters in FPL's 2009 rate case. See Note 10 - Regulatory Proceedings. NextEra Energy's and FPL's 2010 condensed consolidated financial statements contained herein reflect the effects of the 2010 rate agreement because management believes it is probable that the 2010 rate agreement will ultimately be approved by the FPSC. However, if the 2010 rate agreement is not approved by the FPSC, based on the terms of the FPSC rate order NextEra Energy's and FPL's depreciation and amortization expense as reflected in the 2010 condensed consolidated statements of income herein would have been reduced by approximately \$168 million (\$200 million assuming FPL's motion is granted) and NextEra Energy's and FPL's net income would have increased by approximately \$103 million (\$123 million assuming FPL's motion is granted) for the three and nine months ended September 30, 2010. FPL cannot predict with certainty whether or when the 2010 rate agreement will be approved by the FPSC, or if not approved, the outcome of the FPL motion proceedings, which could be different from that requested.

FPL suspended activity on the modernization of its Cape Canaveral and Riviera Beach power plants in January 2010 in order to appropriately evaluate the impact of the FPSC's 2009 rate case decision, including its effect on FPL's credit quality and implications for the cost of capital. Following an in-depth analysis, FPL subsequently determined that it is appropriate to move ahead with the modernizations of its Cape Canaveral and Riviera Beach power plants. The units are expected to go into service in 2013 and 2014, respectively, as originally planned, and are expected to provide customers with substantial savings over the life of the plants. FPL had also suspended activity on its proposed natural gas pipeline. FPL believes Florida needs a third natural gas pipeline to enhance fuel security and give customers access to additional markets. However, given a revised load forecast, new natural gas transport capacity is not projected to be needed any sooner than 2015. As a result, FPL expects to evaluate options in 2011 for developing a third pipeline in the future. FPL expects to continue a stepwise approach to development activities regarding the two additional nuclear units at FPL's Turkey Point site with the focus on obtaining the combined operating license. The plan is not to proceed with construction of the two additional nuclear units until at least the combined operating license is obtained. If constructed, FPL expects the in-service dates of the two additional nuclear units to be 2022 and 2023. FPL is currently monitoring the federal government's loan guarantee program for the construction of new nuclear units to determine whether FPL might be able to pursue such a guarantee for the two additional nuclear units. The effect of the decisions discussed above and those regarding other infrastructure projects are reflected in FPL's estimated planned capital expenditures. See Note 10 - Commitments.

NextEra Energy Resources' results for the three and nine months ended September 30, 2010 increased primarily due to net unrealized after-tax gains from non-qualifying hedges in the current year compared to losses on such hedges in the prior year. See table below for details of NextEra Energy Resources' net unrealized after-tax gains and losses from non-qualifying hedges, after-tax OTTI losses on securities held in its nuclear decommissioning funds and after-tax OTTI reversals, all of which are included in NextEra Energy's and NextEra Energy Resources' net income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(millions)			
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity	\$ 114	\$ (32)	\$ 245	\$ (33)
OTTI after-tax losses on securities held in nuclear decommissioning funds	\$ -	\$ -	\$ (9)	\$ (33)
OTTI after-tax reversals	\$ 5	\$ 3	\$ 13	\$ 7

The change in unrealized mark-to-market activity from non-qualifying hedges 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 or losses as the underlying transactions were 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.

NextEra Energy Resources' results for the three months ended September 30, 2010 also reflect earnings from new investments, higher wind resource, higher gas infrastructure results and higher-priced hedges at Seabrook, partly offset by lower results at NextEra Energy Power Marketing, LLC (PMI), a subsidiary of NextEra Energy Resources that buys and sells wholesale energy commodities, and higher expenses to support the growth of the business. NextEra Energy Resources' results for the nine months ended September 30, 2010 also reflect lower earnings from the existing assets portfolio, the absence of a tax benefit recorded in 2009 reflecting the reduction of previously deferred income taxes resulting from an additional equity investment in Canadian operations (foreign tax benefit), the absence of a tax benefit recorded in 2009 related to a change in state tax law that extended the carry forward period of ITCs on certain wind projects (state tax benefit) and higher expenses to support the growth of the business, partly offset by earnings from new investments, higher gas infrastructure results and gains from the sale of waste-to-energy and coal-fired projects. See footnote (a) to the table under NextEra Energy Resources below for a description of projects included in new investments and the existing assets portfolio.

Corporate and Other's results for the three and nine months ended September 30, 2010 include a one-time income tax benefit related to employee benefits and higher interest income, partly offset by higher interest expense. Results for Corporate and Other for the nine months ended September 30, 2010 also reflect a write-down to fair value in the residual value of assets held under leveraged leases.

NextEra Energy's effective income tax rate for the three and nine months ended September 30, 2010 was approximately 25% and 24%, respectively; NextEra Energy's effective income tax rate for the corresponding periods in 2009 was 25% and 18%. These rates reflect PTCs for wind projects at NextEra Energy Resources and deferred tax benefits associated with convertible ITCs under the Recovery Act. PTCs and deferred tax benefits associated with convertible ITCs can significantly affect NextEra Energy's effective income tax rate depending on the amount of pretax income. PTCs can be significantly affected by wind generation. PTCs for the three and nine months ended September 30, 2010 were approximately \$66 million and \$229 million, respectively, and \$50 million and \$190 million for the comparable periods in 2009 and reflect higher wind production eligible for PTCs and an increase in the per kwh federal rate. See Note 5. The increase in the effective income tax rate for the nine months ended September 30, 2010 reflects the effect of higher pretax income, due in part to higher net unrealized mark-to-market gains from non-qualifying hedge activity.

FPL - FPL's net income for the three months ended September 30, 2010 and 2009 was \$308 million and \$306 million, respectively, an increase of \$2 million. FPL's net income for the nine months ended September 30, 2010 and 2009 was \$764 million and \$646 million, respectively, an increase of \$118 million. See Summary above for a discussion of the major drivers of these increases.

FPL's operating revenues consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(millions)			
Retail base	\$ 1,232	\$ 1,123	\$ 3,243	\$ 2,882
Fuel cost recovery	1,346	1,734	3,038	4,505
Net repayment of previously deferred retail fuel revenues	-	-	356	-
Net deferral of retail fuel revenues	-	(122)	-	(146)
Other cost recovery clauses and pass-through costs	480	514	1,236	1,348
Other, primarily pole attachment rentals, transmission and wholesale sales and customer-related fees	58	52	151	149
<b>Total</b>	<b>\$ 3,116</b>	<b>\$ 3,301</b>	<b>\$ 8,024</b>	<b>\$ 8,738</b>

For the three months ended September 30, 2010, a 0.6% increase in the average number of customer accounts increased retail base revenues by approximately \$7 million, while a 2.3% increase in usage per retail customer, reflecting warmer weather compared to the prior year period and other factors, increased retail base revenues by approximately \$21 million. For the nine months ended September 30, 2010, a 0.4% increase in the average number of customer accounts increased retail base revenues by approximately \$13 million, while a 3.5% increase in usage per retail customer, reflecting cold weather experienced in the first quarter and warmer weather in the second and third quarters and other factors, increased retail base revenues by approximately \$112 million. Base rate increases resulting from WCEC Units Nos. 1 and 2 commencing commercial operation in August and November 2009, respectively, and the base rate increase pursuant to the FPSC rate order, increased retail base revenues for the three months ended September 30, 2010 by approximately \$59 million and \$22 million, respectively; the corresponding amounts for the nine months ended September 30, 2010 were \$185 million and \$51 million.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return allowed to be recovered through the cost recovery clauses on certain assets, primarily solar, environmental and nuclear capacity additions. For the three months ended September 30, 2010 and 2009, cost recovery clauses contributed \$19 million and \$11 million, respectively, to FPL's net income; the corresponding amounts for the nine months ended September 30, 2010 and 2009, were \$54 million and \$28 million. In 2010, it is expected that an additional portion of FPL's earnings will be realized through cost recovery clauses as a result of the allowed rate of return on incremental solar, environmental and nuclear capacity expenditures primarily related to the addition of baseload capacity at FPL's existing nuclear units at St. Lucie and Turkey Point, partly offset by a lower allowed rate of return applied to solar and environmental expenditures as a result of the FPSC rate order. Underrecovery or overrecovery of cost recovery clause and pass-through costs can significantly affect NextEra Energy'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 in the condensed consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity additions until such capacity goes into service, pre-construction costs associated with the development of two additional units at the Turkey Point site and changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes and other, respectively, in the condensed consolidated statements of income.

FPL uses a risk management fuel procurement program which was approved by the FPSC at the program's inception. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The current regulatory asset for the change in fair value of derivative instruments used in the fuel procurement program amounted to approximately \$391 million and \$68 million at September 30, 2010 and December 31, 2009, respectively. Pursuant to an FPSC order, FPL was required to refund in the form of a one-time credit to retail customers' bills the 2009 year-end estimated fuel overrecovery; during the first quarter of 2010, approximately \$404 million was refunded to retail customers. At December 31, 2009, approximately \$356 million of retail fuel revenues were overrecovered, the reversal of which is reflected in the net repayment of previously deferred retail fuel revenues caption included in the table above. The difference between the refund and the December 31, 2009 overrecovery will be collected from retail customers in a subsequent period. The decrease in fuel revenues for the three months ended September 30, 2010 reflects approximately \$445 million related to a lower average fuel factor, partly offset by \$57 million attributable to higher energy sales. The decrease in fuel revenues for the nine months ended September 30, 2010 reflects the \$404 million refund and approximately \$1,198 million related to a lower average fuel factor, partly offset by \$135 million attributable to higher energy sales. The decrease from December 31, 2009 to September 30, 2010 in deferred clause and franchise revenues and the increase in deferred clause and franchise expenses totaled approximately \$679 million and negatively affected NextEra Energy's and FPL's cash flows from operating activities for the nine months ended September 30, 2010.

The decrease in revenues from other cost recovery clauses and pass-through costs for the three and nine months ended September 30, 2010 is primarily due to lower revenues associated with the FPSC's nuclear cost recovery rule, reflecting lower expenditures primarily related to two proposed nuclear units at FPL's Turkey Point site. FPL recovers, under the FPSC's nuclear cost recovery rule through levelized charges under the capacity clause, pre-construction costs associated with the development of two additional units at the Turkey Point site and carrying charges (equal to a pretax AFUDC rate) on construction costs associated with the addition of baseload capacity at its existing nuclear units. The same rule provides for the recovery of construction costs, once the new capacity goes into service, through a base rate increase.

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,	
	2010	2009	2010	2009
	(millions)			
Fuel and energy charges during the period	\$ 1,458	\$ 1,626	\$ 3,732	\$ 4,143
Net collection of previously deferred retail fuel costs	-	-	-	256
Net deferral of retail fuel costs	(120)	-	(339)	-
Other, primarily capacity charges, net of any capacity deferral	166	160	423	411
Total	<u>\$ 1,504</u>	<u>\$ 1,786</u>	<u>\$ 3,816</u>	<u>\$ 4,810</u>

The decrease in fuel and energy charges for the three months ended September 30, 2010 reflects lower fuel and energy prices of approximately \$217 million, partly offset by approximately \$49 million attributable to higher energy sales. The decrease in fuel and energy charges for the nine months ended September 30, 2010 reflects lower fuel and energy prices of approximately \$555 million, partly offset by approximately \$144 million attributable to higher energy sales.

FPL's O&M expenses increased \$7 million for the three months ended September 30, 2010 primarily due to higher nuclear maintenance costs. FPL's O&M expenses increased \$88 million for the nine months ended September 30, 2010 reflecting an approximately \$20 million charge for workforce reductions and higher nuclear and fossil generation, distribution and insurance costs of approximately \$28 million, \$22 million, \$11 million and \$9 million, respectively, partly offset by lower customer service costs, primarily due to lower uncollectible accounts, of \$7 million. The increase in nuclear generation costs for the nine-month period is primarily due to higher maintenance costs and reflects a reimbursement in 2009 of prior years' costs of approximately \$10 million related to a spent nuclear fuel litigation settlement agreement with the U.S. Government. The increase in fossil generation costs is primarily due to costs related to WCEC Units Nos. 1 and 2, which units were placed in service in the second half of 2009, and higher plant overhaul costs. The increase in distribution costs reflects higher restoration costs incurred primarily during cold weather experienced in January 2010 and additional tree trimming costs. Insurance costs reflect higher nuclear insurance costs. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income. Management expects O&M expenses, excluding pass-through O&M costs, in 2010 to exceed the 2009 level primarily due to higher nuclear and fossil generation, transmission and distribution costs, higher nuclear insurance and employee benefit costs and the charge for workforce reductions.

Depreciation and amortization expense for the three months ended September 30, 2010 increased approximately \$70 million primarily due to the reversal of approximately \$79 million of previously recorded depreciation reserve surplus amortization. In accordance with the 2010 rate agreement, FPL recorded this reversal to remain within its authorized regulatory ROE range. In addition, the increase in depreciation and amortization expense for the three-month period reflects the cessation in 2010 of a \$125 million annual reduction in depreciation and amortization expense, which FPL had been recording since 2002, and higher plant in service balances. These items were partly offset by lower depreciation rates as a result of the FPSC rate order. Depreciation and amortization expense for the nine months ended September 30, 2010 decreased \$32 million primarily due to lower cost recovery clause and pass-through costs and lower rates as a result of the FPSC rate order, partly offset by the cessation of the \$125 million annual reduction in depreciation and amortization expense and higher plant in service balances. For the three and nine months ended September 30, 2010, FPL's depreciation and amortization expense reflects lower cost recovery clause and other pass-through costs of approximately \$27 million and \$99 million, respectively, which did not significantly affect net income. See Note 10 – Regulatory Proceedings regarding depreciation reserve surplus which may be amortized over the term of the 2010 rate agreement.

Taxes other than income taxes and other decreased \$10 million and \$41 million for the three and nine months ended September 30, 2010, respectively, primarily due to lower franchise fees and revenue taxes, which are pass-through costs, partly offset by higher property taxes of \$6 million and \$25 million, respectively, reflecting growth in plant in service balances. The decline in franchise fees and revenue taxes reflects the decline in fuel revenues.

Interest expense for the three and nine months ended September 30, 2010 reflects higher average debt balances, as well as lower allowance for borrowed funds used during construction. The decrease in AFUDC - equity for the three and nine months ended September 30, 2010 is primarily attributable to lower AFUDC - equity on WCEC Units Nos. 1 and 2, which units commenced commercial operation in August and November 2009, respectively, partly offset by additional AFUDC - equity on WCEC Unit No. 3. The decrease in AFUDC - equity also reflects a decline, effective April 1, 2010, in the AFUDC rate from 7.41% to 6.41%, as approved by the FPSC.

FPL is currently constructing WCEC Unit No. 3, a natural gas-fired combined-cycle unit of approximately 1,220 mw, which is expected to be placed in service by mid-2011. In addition, FPL is in the process of adding approximately 400 mw to 460 mw of baseload capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service from 2011 to 2013. FPL is also constructing a 75 mw solar thermal facility in Martin County, Florida, which facility is expected to be in service by the end of 2010. FPL is in the process of modernizing its Cape Canaveral and Riviera Beach power plants to high-efficiency natural gas-fired units and expects the units to be placed in service by 2013 and 2014, respectively. Each modernized plant is expected to provide approximately 1,200 mw of capacity. A 10 mw solar photovoltaic facility in Brevard County, Florida was placed in service in April 2010.

*NextEra Energy Resources* - NextEra Energy Resources' 2009 segment results have been restated to reflect a change in the method of allocating non-utility interest expense and the allocation of shared service costs. See Summary above and Note 11 for additional discussion. NextEra Energy Resources' net income for the three months ended September 30, 2010 and 2009 was \$386 million and \$212 million, respectively, an increase of \$174 million. NextEra Energy Resources' net income for the nine months ended September 30, 2010 and 2009 was \$907 million and \$603 million, respectively, an increase of \$304 million. The primary drivers, on an after-tax basis, of these changes were as follows:

	Increase (Decrease) From Prior Period	
	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
	(millions)	
New investments <sup>(a)</sup>	\$ 20	\$ 43
Existing assets <sup>(a)</sup>	21	(10)
Gas infrastructure	17	21
Customer supply and proprietary power and gas trading businesses	(15)	(1)
Asset sales	(6)	9
Interest expense, differential membership costs and other	(11)	(66)
Change in unrealized mark-to-market non-qualifying hedge activity <sup>(b)(c)</sup>	146	278
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals <sup>(c)</sup>	2	30
Net income increase	<u>\$ 174</u>	<u>\$ 304</u>

(a) Includes PTCs and ITCs on wind projects and ITCs on solar projects and, for new investments, deferred tax benefits associated with convertible ITCs (see Note 5) but does not include allocation of interest expense or corporate general and administrative expenses. 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 thirteenth month of operation.

(b) See Note 2 and discussion above related to derivative instruments.

(c) See table in Summary above for additional detail.

The increase in NextEra Energy Resources' results from new investments reflects the addition of approximately 1,260 mw of wind generation during or after the three months ended September 30, 2009 and 1,460 mw of wind generation during or after the nine months ended September 30, 2009 and a benefit related to state ITCs. Results for the three-month period from NextEra Energy Resources' existing asset portfolio increased primarily due to higher results of \$16 million associated with existing wind projects primarily due to a higher wind resource across the portfolio and lower curtailments in Texas and favorable results of \$8 million at Seabrook primarily resulting from higher-priced hedges. Results for the nine-month period from NextEra Energy Resources' existing asset portfolio decreased primarily due to lower results of \$25 million associated with existing wind projects primarily due to the absence of the state tax benefit of \$17 million and unfavorable prices, partially offset by higher generation resulting from lower curtailments in Texas. The results for the nine-month period also decreased due to unfavorable results in the Electric Reliability Council of Texas region of \$17 million resulting primarily from unfavorable market conditions. These items were partially offset by favorable results in the New England Power Pool (NEPOOL) region of \$25 million due principally to favorable results at Seabrook resulting from higher-priced hedges and higher results from the contracted portfolio. Substantially all of the expected 2010 results from NextEra Energy Resources' existing assets are hedged against fluctuations in commodity prices. The increase in gas infrastructure results for the three and nine months ended September 30, 2010 is primarily due to exiting the hedged positions on a small number of future drilling opportunities.

The decrease in NextEra Energy Resources' results from customer supply and proprietary power and gas trading businesses in the three- and nine-month periods is primarily due to lower gas and power trading results. The decrease in the nine-month period was partly offset by a gain from the sale of a power supply contract that NextEra Energy Resources entered into in 2009. The customer supply business includes retail energy operations and 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.

For the three-month period, asset sales reflect the absence of a gain recorded in 2009 on the sale of a 50 mw wind project. For the nine-month period, asset sales include an after-tax gain of approximately \$5 million on the sale of a coal-fired project and an after-tax gain of approximately \$11 million recorded in 2010 on a waste-to-energy project sold in 2009, partly offset by the absence of the gains from the sale of wind development rights and the sale of the 50 mw wind project in 2009.

The increase in interest expense, differential membership costs and other for the three- and nine-month periods reflects increased costs due to growth of the business. For the nine-month period, the increase also reflects the absence of the foreign tax benefit of \$18 million which was recorded in 2009.

Operating revenues for the three months ended September 30, 2010 increased \$392 million primarily due to higher revenues at PMI and NextEra Energy Resources' retail energy provider (collectively, approximately \$199 million). In addition, operating revenues reflect primarily higher-priced hedges in the NEPOOL region (\$46 million), project additions (\$32 million), a higher wind resource and gains of \$26 million on unrealized mark-to-market non-qualifying hedge activity in 2010 compared to \$54 million of losses on such hedges in 2009. Operating revenues for the nine months ended September 30, 2010 increased \$603 million primarily due to higher revenues at PMI and NextEra Energy Resources' retail energy provider (collectively, approximately \$311 million), project additions (\$110 million), higher revenues in the NEPOOL region (\$126 million) primarily due to higher-priced hedges and gains of \$65 million on unrealized mark-to-market non-qualifying hedge activity compared to \$22 million of losses on such hedges in 2009.

Operating expenses for the three months ended September 30, 2010 increased \$147 million, primarily reflecting higher fuel costs of approximately \$261 million, principally at PMI, and higher costs for project additions of approximately \$24 million. This was partially offset by \$160 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$2 million of such gains in 2009. Operating expenses for the nine months ended September 30, 2010 increased \$136 million reflecting higher fuel costs of approximately \$372 million, principally at PMI, higher costs for project additions of approximately \$72 million and higher corporate and other operating expenses of \$15 million to support the growth of the business. This was partially offset by \$338 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$30 million of losses on such hedges in 2009.

NextEra Energy Resources' interest expense for the three and nine months ended September 30, 2010 increased \$18 million and \$42 million, respectively, primarily due to increased borrowings to support the growth of the business, partly offset by lower average interest rates of approximately 38 basis points and 49 basis points for the three and nine months ended September 30, 2010, respectively. Gains on disposal of assets - net in NextEra Energy's condensed consolidated statements of income for the three and nine months ended September 30, 2010 reflect \$13 million and \$41 million, respectively, of gains on sales of securities held in NextEra Energy Resources' nuclear decommissioning funds; corresponding gains for the three and nine months ended September 30, 2009 were \$10 million and \$19 million. In addition, gains on disposal of assets - net for the nine months ended September 30, 2010 reflect a pretax gain of \$18 million on the sale of the waste-to-energy project.

See Summary above and Note 5 for a discussion of PTCs, deferred tax benefits associated with convertible ITCs and NextEra Energy's effective income tax rates for the three and nine months ended September 30, 2010 and 2009.

NextEra Energy Resources expects its future portfolio capacity growth to come primarily from wind and solar development and from asset acquisitions. NextEra Energy Resources expects to add a total of approximately 680 mw of new wind generation in 2010 or early 2011, of which 99 mw have been placed in service and approximately 580 mw are under construction, and a total of 700 mw to 1,000 mw in 2011. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation and approximately 400 mw to 600 mw of new solar generation in 2010 through 2014. Currently, in the United States, 31 states and the District of Columbia have renewable portfolio standards requiring electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. NextEra Energy Resources believes that these standards will create incremental demand for renewable energy in the future.

*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 non-utility interest expense and shared service costs to NextEra Energy Resources. See Summary above and Note 11 for a discussion regarding a change, beginning in 2010, in the method of allocating non-utility interest expense, the allocation of shared service costs and the restatement of the prior year segment results of Corporate and Other. For purposes of allocating non-utility interest expense, the deferred credit associated with differential membership interests sold by NextEra Energy Resources subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(millions)			
Interest expense, net of allocations to NextEra Energy Resources	\$ (17)	\$ (9)	\$ (46)	\$ (31)
Interest income	10	6	32	26
Federal and state income tax benefits (expenses)	26	11	26	(2)
Other	7	7	11	25
Net income	<u>\$ 26</u>	<u>\$ 15</u>	<u>\$ 23</u>	<u>\$ 18</u>

The increase in interest expense for the three and nine months ended September 30, 2010 reflects additional debt outstanding, partly offset by lower average interest rates of approximately 44 basis points and 45 basis points, respectively, and a higher allocation of interest costs to NextEra Energy Resources, reflecting growth in its business. Interest income for the three and nine months ended September 30, 2010 reflects higher interest earned on an energy-related loan made to a third party by an FPL Group Capital subsidiary and higher interest income on unrecognized tax benefits. Federal and state income tax benefits and expenses reflect a one-time income tax benefit of \$24 million related to employee benefits and consolidating income tax adjustments. Other includes all other corporate income and expenses, as well as other business activities. The decline in other for the nine months ended September 30, 2010 is primarily due to a \$12 million after-tax write-down to fair value in the residual value of assets held under leveraged leases; the pretax amount of the write-down of \$18 million is reflected in Other - net in NextEra Energy's condensed consolidated statements of income.

## Liquidity and Capital Resources

NextEra Energy and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem or repurchase outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of internally generated funds, short- and long-term borrowings, and the issuance, from time to time, of short- and long-term debt, and equity securities, consistent with NextEra Energy's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NextEra Energy, FPL and FPL Group Capital rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NextEra Energy, FPL and FPL Group Capital to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

The global and domestic credit and capital markets experienced unprecedented levels of volatility and disruption in the recent past. This significantly affected the cost and available sources of liquidity in the financial markets. FPL and FPL Group Capital have continued to have access to commercial paper and short- and long-term credit and capital markets. If capital and credit market conditions change, this could alter spending plans and affect working capital at FPL and NextEra Energy Resources.

**Available Liquidity** - At September 30, 2010, NextEra Energy's total net available liquidity was approximately \$5.9 billion, of which FPL's portion was approximately \$3.0 billion. The components of each company's net available liquidity at September 30, 2010 were as follows:

	FPL	FPL Group Capital (millions)	NextEra Energy Consoli- dated	Maturity Date	
				FPL	FPL Group Capital
Bank revolving line of credit facilities <sup>(a)</sup>	\$ 2,973	\$ 3,917	\$ 6,890	(b)	(b)
Less letters of credit	(21)	(886)	(907)		
	<u>2,952</u>	<u>3,031</u>	<u>5,983</u>		
Revolving term loan facility	250	-	250	2014	
Less borrowings	-	-	-		
	<u>250</u>	<u>-</u>	<u>250</u>		
Subtotal	3,202	3,031	6,233		
Cash and cash equivalents	37	754	791		
Less commercial paper	(240)	(845)	(1,085)		
Net available liquidity	<u>\$ 2,999</u>	<u>\$ 2,940</u>	<u>\$ 5,939</u>		

(a) Provide for the issuance of letters of credit up to \$6,390 million (\$2,473 million for FPL). The entire amount of the facilities is available to support FPL's and FPL Group Capital's commercial paper programs and short-term borrowings 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. FPL's bank revolving line of credit facilities are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

(b) \$17 million of FPL's and \$40 million of FPL Group Capital's bank revolving line of credit facilities expire in 2012. The remaining portion of bank revolving line of credit facilities for FPL and FPL Group Capital expires in 2013.

As of October 29, 2010, 49 banks participate in FPL's and FPL Group Capital's bank revolving line of credit facilities and FPL's revolving term loan facility, with no one bank providing more than 8% of the combined bank revolving line of credit facilities and FPL's revolving term loan facility. In order for FPL Group Capital to borrow under the terms of its bank revolving line of credit facility, NextEra Energy (which guarantees the payment of FPL Group Capital's bank revolving line of credit facility pursuant to a 1998 guarantee agreement) is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL Group Capital bank revolving line of credit facility also contains default and related acceleration provisions relating to, among other things, failure of NextEra Energy to maintain a ratio of funded debt to total capitalization at or below the specified ratio. Similarly, in order for FPL to borrow under the terms of its bank revolving line of credit facilities and revolving term loan facility, FPL is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL bank revolving line of credit facilities and revolving term loan facility also contain default and related acceleration provisions relating to, among other things, failure of FPL to maintain a ratio of funded debt to total capitalization at or below the specified ratio. At September 30, 2010, each of NextEra Energy and FPL was in compliance with its required ratio.

In January 2009, NextEra Energy entered into an agreement under which NextEra Energy may offer and sell, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During the three and nine months ended September 30, 2010, NextEra Energy received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$80 million and \$125 million, respectively. Since inception of the agreement through September 30, 2010, NextEra Energy has received gross proceeds through the sale and issuance of common stock under this agreement of approximately \$286 million.

At September 30, 2010, FPL had the capacity to absorb up to approximately \$205 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC. See Note 10 - Regulatory Proceedings. Also, an indirect wholly-owned subsidiary of NextEra Energy Resources has established an \$80 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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Financial Reform Act) was enacted into law on July 21, 2010. The Financial Reform Act includes, among other things, provisions that require certain over-the-counter derivative transactions to be executed by certain types of entities through an exchange or centrally cleared. In addition, the Financial Reform Act provides an exemption from mandatory clearing requirements for transactions entered into by non-swap dealers or non-major swap participants and other non-financial entities, as defined in the Financial Reform Act, that are used to hedge commercial risk. The Financial Reform Act also includes provisions under which the U.S. Commodity Futures Trading Commission (CFTC) may impose capital and margin requirements on certain entities for transactions, including those that are used to hedge commercial risk. However, key legislators indicated that it was not their intention to impose capital and margin requirements on counterparties that are eligible to utilize transactions to hedge commercial risk. Final rules on over-the-counter derivative-related provisions of the Financial Reform Act will be established through CFTC and SEC rulemakings within 360 days after the date of enactment. If, as a result of the rulemaking associated with the Financial Reform Act, FPL and NextEra Energy Resources do not qualify for the exemption related to clearing and margining requirements, FPL and NextEra Energy Resources would be subject to higher margin requirements. NextEra Energy and FPL are currently unable to assess the impact of the provisions of the Financial Reform Act on their businesses pending issuance of the final regulations implementing the provisions of the Financial Reform Act.

*Letters of Credit, Surety Bonds and Guarantees* - NextEra Energy and FPL obtain letters of credit and surety bonds, and issue guarantees to facilitate commercial transactions with third parties and financings. At September 30, 2010, NextEra Energy had approximately \$1.1 billion of standby letters of credit (\$30 million for FPL), approximately \$78 million of surety bonds (\$46 million for FPL) and approximately \$9.2 billion notional amount of guarantees (\$44 million for FPL), of which approximately \$6.9 billion (\$50 million for FPL) letters of credit and guarantees have expiration dates within the next five years. An aggregate of approximately \$907 million (\$21 million for FPL) of the standby letters of credit at September 30, 2010 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity above. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for wind development, nuclear activities and other contractual agreements. Each of NextEra Energy and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds and guarantees. Accordingly, at September 30, 2010, NextEra Energy and FPL did not have any liabilities recorded for these letters of credit, surety bonds and guarantees. In addition, NextEra Energy has guaranteed certain payment obligations of FPL Group Capital, including most of its debt and 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 NextEra Energy Resources and its subsidiaries. See Note 10 - Commitments.

**Shelf Registration** - In August 2009, NextEra Energy, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement with the SEC for an unspecified amount of securities. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of October 29, 2010, 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, junior subordinated debentures, first mortgage bonds, preferred trust securities, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of October 29, 2010, NextEra Energy and FPL Group Capital had approximately \$2.7 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had \$2.0 billion of board-authorized available capacity.

**Credit Ratings** - At October 29, 2010, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had assigned the following credit ratings to NextEra Energy, FPL and FPL Group Capital:

	Moody's <sup>(a)</sup>	S&P <sup>(a)</sup>	Fitch <sup>(a)</sup>
NextEra Energy: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
FPL: <sup>(b)</sup>			
Corporate credit rating	A2	A-	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	VMIG-1	A	A+
Commercial paper	P-1	A-2	F1
FPL Group Capital: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F1

(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 stable, stable and negative, respectively.

NextEra Energy and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the line of credit facilities maintained by FPL and FPL Group Capital, the maintenance of a specific minimum credit rating is not a condition to drawing on those credit facilities. Commitment fees and interest rates on loans under the line of credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities. In addition, a ratings downgrade could result in the requirement that NextEra Energy subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and FPL Group Capital's bank revolving line of credit facilities are available to support these potential requirements. See Available Liquidity above.

**Cash Flow** - The changes in cash and cash equivalents are summarized as follows:

	NextEra Energy		FPL	
	Nine Months Ended		September 30,	
	2010	2009	2010	2009
	(millions)			
Net cash provided by operating activities	\$ 2,769	\$ 3,326	\$ 1,612	\$ 2,031
Net cash used in investing activities	(3,556)	(4,018)	(1,975)	(1,945)
Net cash provided by (used in) financing activities	1,340	321	317	(172)
Net increase (decrease) in cash and cash equivalents	\$ 553	\$ (371)	\$ (46)	\$ (86)

NextEra Energy's cash and cash equivalents increased for the nine months ended September 30, 2010 reflecting cash generated by operating activities, net issuances of long-term debt, proceeds from the sale of differential membership interests and cash grants received under the Recovery Act. These inflows were partially offset by capital investments by FPL and NextEra Energy Resources, a net decrease in short-term debt and the payment of common stock dividends to NextEra Energy shareholders.

NextEra Energy's cash flows from operating activities for the nine months ended September 30, 2010 reflect cash generated by net income, margin cash collateral provided from NextEra Energy Resources' derivative instrument counterparties as a result of changing energy prices and an increase in other taxes at FPL primarily due to property taxes, which are payable in the fourth quarter. These inflows were partially offset by cash outflows related to FPL's cost recovery clause, primarily the fuel clause.

NextEra Energy's cash flows from investing activities for the nine months ended September 30, 2010 reflect capital investments, including nuclear fuel purchases, of approximately \$2.1 billion by FPL to expand and enhance its electric system and generating facilities to continue to provide reliable service to meet the power needs of present and future customers and investments in independent power projects, including nuclear fuel, of approximately \$1.9 billion by NextEra Energy Resources. NextEra Energy's cash flows from investing activities also include approximately \$556 million (comprised of \$425 million and \$131 million at NextEra Energy Resources and FPL, respectively) of cash grants under the Recovery Act, the purchase and sale of restricted securities held in the special use funds, including the reinvestment of fund earnings and new contributions by NextEra Energy Resources, as well as other investment activity, primarily at FPL Group Capital. NextEra Energy expects to receive additional cash grants under the Recovery Act during 2011.

During the nine months ended September 30, 2010, NextEra Energy generated proceeds from financing activities, net of related issuance costs, of approximately \$3.5 billion, including \$261 million in proceeds from the sale of differential membership interests, \$184 million in proceeds from the issuance of common stock, primarily under NextEra Energy's continuous offering agreement (see Available Liquidity above) and the following long-term debt issuances and borrowings:

Date Issued	Company	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	6.56%	305	2030
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	Variable <sup>(a)(b)</sup>	255	2027
May 2010	FPL Group Capital	Debentures	2.55% <sup>(b)</sup>	250	2013
June 2010	NextEra Energy Resources subsidiary	Limited recourse term loan	Variable <sup>(a)</sup>	78	2015
August 2010	FPL Group Capital	Debentures	2.60% <sup>(b)</sup>	400	2015
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	50	2013
September 2010	FPL Group Capital	Debentures related to NextEra Energy's equity units	1.90%	403	2015
September 2010	FPL Group Capital	Japanese yen denominated senior notes	5.1325% <sup>(c)</sup>	120 <sup>(c)</sup>	2030
September 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse term loan	Variable <sup>(a)(b)</sup>	297	2028
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	50	2013
September 2010	FPL Group Capital	Term loan	Variable <sup>(a)</sup>	110	2014
				<u>\$ 3,018</u>	

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements were entered into with respect to these issuances.

(c) Reflects a currency swap agreement entered into with respect to both interest and principal payments on this issuance.

On April 30, 2010, Peace Garden Wind Funding, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources, sold its Class B membership interests in Peace Garden Wind, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources with ownership interests in two wind generation facilities with generating capability totaling approximately 170 mw located in North Dakota, to certain third-party investors for approximately \$190 million.

On September 30, 2010, Heartland Wind Funding, LLC (Heartland Wind Funding), an indirect wholly-owned subsidiary of NextEra Energy Resources, issued Class B membership interests in Heartland Wind, LLC (Heartland Wind), an indirect wholly-owned subsidiary of NextEra Energy Resources, with ownership interests in three wind generation facilities with generating capability totaling approximately 309 mw located in North Dakota and Iowa, to a third-party investor. At closing, Heartland Wind Funding received approximately \$71 million and will receive future capital contributions from the third-party investor on a semi-annual basis through December 31, 2018 based on the amount of PTCs generated by Heartland Wind. The future capital contributions are expected to total approximately \$195 million based on projected wind generation.

During the nine months ended September 30, 2010, NextEra Energy paid approximately \$2.1 billion in connection with financing activities, including \$280 million in principal payments on NextEra Energy Resources' debt, \$250 million in principal payments on FPL Group Capital's debt, \$42 million in principal payments on storm-recovery bonds, a net decrease in short-term debt of \$935 million (comprised of \$357 million and \$578 million at FPL Group Capital and FPL, respectively) and \$616 million for the payment of dividends on NextEra Energy's common stock.

NextEra Energy's cash and cash equivalents decreased for the nine months ended September 30, 2009, reflecting capital investments by FPL and NextEra Energy Resources, a net decrease in short-term debt, the payment of common stock dividends to NextEra Energy shareholders and the payment of margin cash collateral to NextEra Energy Resources' derivative instrument counterparties. These outflows were partially offset by the receipt of cash from the net issuance of long-term debt and the recovery of fuel costs.

## Accumulated Other Comprehensive Income (Loss)

NextEra Energy's total other comprehensive income (loss) activity is as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Nine Months Ended September 30,					
	2010			2009		
	(millions)					
	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other	Total
Balances at December 31 of prior year	\$ 67	\$ 102	\$ 169	\$ 5	\$ (18)	\$ (13)
Net unrealized gains (losses) on cash flow hedges:						
Effective portion of net unrealized gains (losses) (net of \$55 tax benefit and \$80 tax expense, respectively)	(98)	-	(98)	118	-	118
Reclassification from AOCI to net income (net of \$27 and \$50 tax benefit, respectively)	(30)	-	(30)	(71)	-	(71)
Net unrealized gains (losses) on available for sale securities:						
Net unrealized gains on securities still held (net of \$45 and \$71 tax expense, respectively)	-	26	26	-	104	104
Reclassification from AOCI to net income (net of \$9 and \$5 tax benefit, respectively)	-	(17)	(17)	-	(7)	(7)
Adjustments between AOCI and retained earnings	-	-	-	-	(5)	(5)
Defined benefit pension and other benefits plans (net of \$2 tax benefit)	-	-	-	-	(3)	(3)
Net unrealized gains (losses) on foreign currency translation (net of \$1 tax benefit and \$4 tax expense, respectively)	-	(3)	(3)	-	9	9
Balances at September 30	\$ (61)	\$ 108	\$ 47	\$ 52	\$ 80	\$ 132

## Energy Marketing and Trading and Market Risk Sensitivity

**Energy Marketing and Trading** - Certain of NextEra Energy's subsidiaries, including FPL and NextEra Energy Resources, use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NextEra Energy, through NextEra Energy Resources, uses derivatives to optimize the value of power generation assets. NextEra Energy Resources provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, 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, are recorded on NextEra Energy's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. For NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied, 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 NextEra Energy's condensed consolidated statements of income. See Note 2.

The changes in the fair value of NextEra Energy's consolidated subsidiaries' energy contract derivative instruments for the three and nine months ended September 30, 2010 were as follows:

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non- Qualifying	OCl (millions)	FPL Cost Recovery Clauses	
<b>Three months ended September 30, 2010</b>					
Fair value of contracts outstanding at June 30, 2010	\$ 83	313	98	(272)	222
Reclassification to realized at settlement of contracts	15	(14)	(25)	140	116
Inception value of new contracts	114	-	-	-	114
Changes in fair value excluding reclassification to realized	38	211	-	(306)	(57)
Fair value of contracts outstanding at September 30, 2010	250	510	73	(438)	395
Net option premium payments (receipts)	(140)	10	-	-	(130)
Net margin cash collateral paid	-	-	-	-	(5)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2010	<u>\$ 110</u>	<u>\$ 520</u>	<u>\$ 73</u>	<u>\$ (438)</u>	<u>\$ 260</u>

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
<b>Nine months ended September 30, 2010</b>					
Fair value of contracts outstanding at December 31, 2009	\$ 39	\$ 126	\$ 131	\$ (64)	\$ 232
Reclassification to realized at settlement of contracts	17	(92)	(77)	323	171
Inception value of new contracts	108	(45)	-	-	63
Effective portion of changes in fair value recorded in OCI	-	-	19	-	19
Ineffective portion of changes in fair value recorded in earnings	-	1	-	-	1
Changes in fair value excluding reclassification to realized	86	520	-	(697)	(91)
Fair value of contracts outstanding at September 30, 2010	250	510	73	(438)	395
Net option premium payments (receipts)	(140)	10	-	-	(130)
Net margin cash collateral paid					(5)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2010	<u>\$ 110</u>	<u>\$ 520</u>	<u>\$ 73</u>	<u>\$ (438)</u>	<u>\$ 260</u>

NextEra Energy's total mark-to-market energy contract net assets (liabilities) at September 30, 2010 shown above are included in the condensed consolidated balance sheet as follows:

	September 30, 2010 (millions)
Current derivative assets	\$ 707
Noncurrent other assets	648
Current derivative liabilities	(754)
Noncurrent derivative liabilities	(341)
NextEra Energy's total mark-to-market energy contract net assets (liabilities)	<u>\$ 260</u>

The sources of fair value estimates and maturity of energy contract derivative instruments at September 30, 2010 were as follows:

	Maturity						Total
	2010	2011	2012	2013 (millions)	2014	Thereafter	
<b>Trading:</b>							
Quoted prices in active markets for identical assets	\$ (47)	\$ 53	\$ (41)	\$ (44)	\$ -	\$ -	\$ (79)
Significant other observable inputs	(33)	(208)	(45)	22	2	7	(255)
Significant unobservable inputs	116	222	69	36	1	-	444
Total	<u>36</u>	<u>67</u>	<u>(17)</u>	<u>14</u>	<u>3</u>	<u>7</u>	<u>110</u>
<b>Owned Assets - Non-Qualifying:</b>							
Quoted prices in active markets for identical assets	21	(10)	(10)	-	-	-	1
Significant other observable inputs	2	163	120	32	24	68	409
Significant unobservable inputs	28	35	28	9	3	7	110
Total	<u>51</u>	<u>188</u>	<u>138</u>	<u>41</u>	<u>27</u>	<u>75</u>	<u>520</u>
<b>Owned Assets - OCI:</b>							
Quoted prices in active markets for identical assets	6	30	14	-	-	-	50
Significant other observable inputs	19	11	(7)	-	-	-	23
Significant unobservable inputs	-	-	-	-	-	-	-
Total	<u>25</u>	<u>41</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73</u>
<b>Owned Assets - FPL Cost Recovery Clauses:</b>							
Quoted prices in active markets for identical assets	-	-	-	-	-	-	-
Significant other observable inputs	(161)	(285)	-	-	-	-	(446)
Significant unobservable inputs	1	6	1	-	-	-	8
Total	<u>(160)</u>	<u>(279)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(438)</u>
Total sources of fair value	<u>\$ (48)</u>	<u>\$ 17</u>	<u>\$ 129</u>	<u>\$ 55</u>	<u>\$ 30</u>	<u>\$ 82</u>	<u>\$ 265</u>

The changes in the fair value of NextEra Energy's consolidated subsidiaries' energy contract derivative instruments for the three and nine months ended September 30, 2009 were as follows:

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
<b>Three months ended September 30, 2009</b>					
Fair value of contracts outstanding at June 30, 2009	\$ 73	\$ 141	\$ 187	\$ (856)	\$ (455)
Reclassification to realized at settlement of contracts	(121)	(44)	(62)	550	323
Effective portion of changes in fair value recorded in OCI	-	-	22	-	22
Ineffective portion of changes in fair value recorded in earnings	-	4	-	-	4
Changes in fair value excluding reclassification to realized	30	(9)	-	3	24
Fair value of contracts outstanding at September 30, 2009	(18)	92	147	(303)	(82)
Net option premium payments (receipts)	(25)	17	-	-	(8)
Net margin cash collateral paid					167
Total mark-to-market energy contract net assets (liabilities) at September 30, 2009	<u>\$ (43)</u>	<u>\$ 109</u>	<u>\$ 147</u>	<u>\$ (303)</u>	<u>\$ 77</u>

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
<b>Nine months ended September 30, 2009</b>					
Fair value of contracts outstanding at December 31, 2008	\$ 56	\$ 143	\$ 114	\$ (1,108)	\$ (795)
Reclassification to realized at settlement of contracts	(169)	(151)	(146)	1,350	884
Effective portion of changes in fair value recorded in OCI	-	-	179	-	179
Ineffective portion of changes in fair value recorded in earnings	-	13	-	-	13
Changes in fair value excluding reclassification to realized	95	87	-	(545)	(363)
Fair value of contracts outstanding at September 30, 2009	(18)	92	147	(303)	(82)
Net option premium payments (receipts)	(25)	17	-	-	(8)
Net margin cash collateral paid					167
Total mark-to-market energy contract net assets (liabilities) at September 30, 2009	<u>\$ (43)</u>	<u>\$ 109</u>	<u>\$ 147</u>	<u>\$ (303)</u>	<u>\$ 77</u>

**Market Risk Sensitivity** - Financial instruments and positions affecting the financial statements of NextEra Energy 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, equity prices or currency exchange rates over the next year. With respect to certain debt issuances and borrowings, FPL Group Capital has entered into three cross currency swaps, two to hedge against currency movements with respect to both interest and principal payments and one to hedge against currency and interest rate movements with respect to both interest and principal payments. At both September 30, 2010 and December 31, 2009, the fair value of these cross currency swaps was not material. Management has established risk management policies to monitor and manage market risks. With respect to commodities, NextEra Energy'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.

NextEra Energy 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. NextEra Energy 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. NextEra Energy'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 - NextEra Energy 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, 2010 and December 31, 2009, the VaR figures were as follows:

	Trading			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses <sup>(a)</sup>			Total		
	FPL	NextEra Energy Resources	NextEra Energy	FPL	NextEra Energy Resources (millions)	NextEra Energy	FPL	NextEra Energy Resources	NextEra Energy
December 31, 2009	\$ -	\$ 5	\$ 5	\$ 68	\$ 59	\$ 40	\$ 68	\$ 57	\$ 37
September 30, 2010	\$ -	\$ 3	\$ 3	\$ 34	\$ 20	\$ 27	\$ 34	\$ 32	\$ 27
Average for the nine months ended September 30, 2010	\$ -	\$ 4	\$ 4	\$ 49	\$ 36	\$ 28	\$ 49	\$ 39	\$ 27

(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 - NextEra Energy and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NextEra Energy 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 NextEra Energy's and FPL's financial instruments:

	September 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Fixed income securities:				
Special use funds	\$ 1,831	\$ 1,831 <sup>(a)</sup>	\$ 1,685	\$ 1,685 <sup>(a)</sup>
Other investments	\$ 116	\$ 116 <sup>(a)</sup>	\$ 104	\$ 104 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 19,379	\$ 20,769 <sup>(b)</sup>	\$ 16,869	\$ 17,256 <sup>(b)</sup>
Interest rate swaps - net unrealized losses	\$ (143)	\$ (143) <sup>(c)</sup>	\$ (17)	\$ (17) <sup>(c)</sup>
FPL:				
Fixed income securities - special use funds	\$ 1,463	\$ 1,463 <sup>(a)</sup>	\$ 1,384	\$ 1,384 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 6,323	\$ 7,177 <sup>(b)</sup>	\$ 5,836	\$ 6,055 <sup>(b)</sup>

(a) Based on quoted market prices for these or similar issues.

(b) Provided by external sources based on market prices indicative of market conditions.

(c) Modeled internally based on market values using discounted cash flow analysis and credit valuation adjustment.

The special use funds of NextEra Energy and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NextEra Energy'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 NextEra Energy's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2014 (2032 at FPL).

NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At September 30, 2010, the estimated fair values for NextEra Energy's interest rate swaps were as follows:

<u>Notional Amount</u> (millions)	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Rate Paid</u>	<u>Rate Received</u>	<u>Estimated Fair Value</u> (millions)
Fair value hedges - FPL Group Capital:					
\$ 300	June 2008	September 2011	Variable <sup>(a)</sup>	5.625%	\$ 11
\$ 250	May 2010	November 2013	Variable <sup>(b)</sup>	2.55%	8
\$ 400	August 2010	September 2015	Variable <sup>(c)</sup>	2.60%	3
Total fair value hedges					<u>22</u>
Cash flow hedges - NextEra Energy Resources:					
\$ 43	December 2003	December 2017	4.245%	Variable <sup>(d)</sup>	(4)
\$ 14	April 2004	December 2017	3.845%	Variable <sup>(d)</sup>	(1)
\$ 157	December 2005	November 2019	4.905%	Variable <sup>(d)</sup>	(19)
\$ 384	January 2007	January 2022	5.390%	Variable <sup>(e)</sup>	(54)
\$ 94	January 2008	September 2011	3.2050%	Variable <sup>(d)</sup>	(2)
\$ 333	January 2009	December 2016	2.680%	Variable <sup>(d)</sup>	(16)
\$ 124	January 2009 <sup>(f)</sup>	December 2023	3.725%	Variable <sup>(d)</sup>	-
\$ 84	January 2009	December 2023	2.578%	Variable <sup>(g)</sup>	-
\$ 20	March 2009	December 2016	2.655%	Variable <sup>(d)</sup>	(1)
\$ 7	March 2009 <sup>(f)</sup>	December 2023	3.960%	Variable <sup>(d)</sup>	-
\$ 318	May 2009	May 2017	3.015%	Variable <sup>(d)</sup>	(20)
\$ 106	May 2009 <sup>(f)</sup>	May 2024	4.663%	Variable <sup>(d)</sup>	(2)
\$ 128	December 2009	December 2019	3.830%	Variable <sup>(d)</sup>	(15)
\$ 52	December 2009 <sup>(f)</sup>	September 2021	5.500%	Variable <sup>(d)</sup>	(1)
\$ 255	April 2010	January 2027	4.040%	Variable <sup>(e)</sup>	(30)
Total cash flow hedges					<u>(165)</u>
Total interest rate swaps					<u>\$ (143)</u>

(a) Three-month London InterBank Offered Rate (LIBOR) plus 1.18896%.

(b) Three-month LIBOR plus 0.4726%.

(c) Three-month LIBOR plus 0.7980%.

(d) Three-month LIBOR.

(e) Six-month LIBOR.

(f) Exchange of payments does not begin until December 2016, December 2016, May 2017 and December 2019, respectively.

(g) Three-month Banker's Acceptance Rate.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NextEra Energy's net liabilities would increase by approximately \$899 million (\$352 million for FPL) at September 30, 2010.

Equity price risk - Included in the nuclear decommissioning reserve funds of NextEra Energy are marketable equity securities carried at their market value of approximately \$1,759 million and \$1,705 million (\$1,085 million and \$1,024 million for FPL) at September 30, 2010 and December 31, 2009, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a \$167 million (\$104 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 NextEra Energy's non-rate regulated operations, at September 30, 2010.

Credit risk - For all derivative and contractual transactions, NextEra Energy'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 NextEra Energy'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 margin 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. NextEra Energy's policy is to have master netting agreements in place with significant counterparties.

Based on NextEra Energy's policies and risk exposures related to credit, NextEra Energy and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of September 30, 2010, approximately 99% of NextEra Energy'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 September 30, 2010, each of NextEra Energy and FPL had performed an evaluation, under the supervision and with the participation of its management, including NextEra Energy's and FPL's chief executive officers and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e) or 15d-15(e)). Based upon that evaluation, the chief executive officer and chief financial officer of each of NextEra Energy and FPL concluded that the company's disclosure controls and procedures were effective as of September 30, 2010.

#### **(b) Changes in Internal Control over Financial Reporting**

NextEra Energy 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 NextEra Energy and FPL. However, there has been no change in NextEra Energy's or FPL's internal control over financial reporting that occurred during NextEra Energy's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NextEra Energy's or FPL's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

NextEra Energy and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal and regulatory proceedings that could have a material effect on NextEra Energy or FPL, see Item 3. Legal Proceedings and Note 14 - Legal Proceedings to Consolidated Financial Statements in the 2009 Form 10-K for NextEra Energy and FPL and Note 10 - Legal Proceedings and Regulatory Proceedings herein. Such descriptions are incorporated herein by reference.

#### **Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed in NextEra Energy's and FPL's March 2010 Form 10-Q. The factors discussed in Part II, Item 1A. Risk Factors in NextEra Energy's and FPL's March 2010 Form 10-Q, as well as other information set forth in this report, which could materially adversely affect NextEra Energy's and FPL's businesses, financial condition and/or future operating results should be carefully considered. The risks described in NextEra Energy's and FPL's March 2010 Form 10-Q are not the only risks facing NextEra Energy and FPL. Additional risks and uncertainties also may materially adversely affect NextEra Energy's or FPL's business, financial condition and/or future operating results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Information regarding purchases made by NextEra Energy of its common stock is as follows:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program <sup>(b)</sup>
7/01/10 - 7/31/10	-	\$ -	-	20,000,000
8/01/10 - 8/31/10	12,455	\$ 52.02	-	20,000,000
9/01/10 - 9/30/10	1,191	\$ 54.08	-	20,000,000
Total	<u>13,646</u>	<u>\$ 52.20</u>	<u>-</u>	

(a) Includes: (1) in both August 2010 and September 2010, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under NextEra Energy's Amended and Restated Long Term Incentive Plan (LTIP); and (2) in September 2010, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NextEra Energy's obligation under a February 2006 grant under the LTIP of deferred retirement share awards to an executive officer.

(b) In February 2005, NextEra Energy'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 6. Exhibits

Exhibit Number	Description	NextEra Energy	FPL
*4(a)	Officer's Certificate of FPL Group Capital, dated August 31, 2010, creating the Debentures, 2.60% Series due September 1, 2015 (filed as Exhibit 4 to Form 8-K dated August 31, 2010, File No. 1-8841)	x	
*4(b)	Purchase Contract Agreement, dated as of September 1, 2010, between NextEra Energy and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(c)	Pledge Agreement, dated as of September 1, 2010, among NextEra Energy, Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(d)	Officer's Certificate of FPL Group Capital, dated September 21, 2010, creating the Series D Debentures due September 1, 2015 (filed as Exhibit 4(c) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
10(a)	Appendix A2 (revised as of August 16, 2010) to NextEra Energy's Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005	x	x
10(b)	Executive Retention Employment Agreement between NextEra Energy and Shaun J. Francis dated as of August 16, 2010	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 NextEra Energy	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy	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 NextEra Energy	x	
32(b)	Section 1350 Certification of FPL		x
101.INS	XBRL Instance Document	x	
101.SCH	XBRL Schema Document	x	
101.PRE	XBRL Presentation Linkbase Document	x	
101.CAL	XBRL Calculation Linkbase Document	x	
101.LAB	XBRL Label Linkbase Document	x	
101.DEF	XBRL Definition Linkbase Document	x	

\*Incorporated herein by reference

NextEra Energy and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NextEra Energy 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.

NEXTERA ENERGY, INC.  
FLORIDA POWER & LIGHT COMPANY  
(Registrants)

Date: November 3, 2010

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### **CHRIS N. FROGGATT**

Chris N. Froggatt  
Vice President, Controller and Chief Accounting Officer of  
NextEra Energy, Inc.  
(Principal Accounting Officer of NextEra Energy, Inc.)

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### **KIMBERLY OUSDAHL**

Kimberly Ousdahl  
Vice President, Controller and Chief Accounting Officer of  
Florida Power & Light Company  
(Principal Accounting Officer of  
Florida Power & Light Company)

**Exhibit 12(a)**

**NEXTERA ENERGY, INC. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND**  
**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS<sup>(a)</sup>**

	Nine Months Ended September 30, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 1,694
Income taxes	532
Fixed charges included in the determination of net income, as below	766
Amortization of capitalized interest	15
Distributed income of equity method investees	32
Less: Equity in earnings of equity method investees	56
Total earnings, as defined	<u>\$ 2,983</u>
Fixed charges, as defined:	
Interest expense	\$ 732
Rental interest factor	24
Allowance for borrowed funds used during construction	10
Fixed charges included in the determination of net income	766
Capitalized interest	49
Total fixed charges, as defined	<u>\$ 815</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>3.66</u>

(a) NextEra Energy, 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<sup>(a)</sup>**

	Nine Months Ended September 30, 2010 (millions of dollars)
Earnings, as defined:	
Net income	\$ 764
Income taxes	468
Fixed charges included in the determination of net income, as below	<u>284</u>
Total earnings, as defined	<u>\$ 1,516</u>
Fixed charges, as defined:	
Interest expense	\$ 270
Rental interest factor	5
Allowance for borrowed funds used during construction	<u>9</u>
Fixed charges included in the determination of net income	284
Capitalized interest	<u>3</u>
Total fixed charges, as defined	<u>\$ 287</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>5.28</u>

(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, 2010 of NextEra Energy, 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 3, 2010

**LEWIS HAY, III**  
\_\_\_\_\_  
Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**Exhibit 31(b)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2010 of NextEra Energy, 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 3, 2010

**ARMANDO PIMENTEL, JR.**

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Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer  
of NextEra Energy, Inc.

**Exhibit 31(c)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando J. Olivera, certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2010 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 3, 2010

**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer  
of Florida Power & Light Company

**Exhibit 31(d)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-Q for the quarterly period ended September 30, 2010 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 3, 2010

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer of  
Florida Power & Light Company

**Exhibit 32(a)**

**Section 1350 Certification**

We, Lewis Hay, III and Armando Pimentel, Jr., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of NextEra Energy, Inc. (NextEra Energy) for the quarterly period ended September 30, 2010 (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 NextEra Energy.

Dated: November 3, 2010

**LEWIS HAY, III**

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Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**ARMANDO PIMENTEL, JR.**

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Armando Pimentel, Jr.  
Executive Vice President, Finance and  
Chief Financial Officer of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to NextEra Energy and will be retained by NextEra Energy 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 NextEra Energy 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).

### **Section 1350 Certification**

We, Armando J. Olivera and Armando Pimentel, Jr., 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, 2010 (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 3, 2010

**ARMANDO J. OLIVERA**

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Armando J. Olivera  
President and Chief Executive Officer of  
Florida Power & Light Company

**ARMANDO PIMENTEL, JR.**

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Armando Pimentel, Jr.  
Executive 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 3(g)

Annual Report on Form 10-K for the year ended December 31, 2010.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2010**

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	<b>NEXTERA ENERGY, INC.</b>	59-2449419
2-27612	<b>FLORIDA POWER &amp; LIGHT COMPANY</b> 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Name of exchange  
on which registered

Securities registered pursuant to Section 12(b) of the Act:

**NextEra Energy, Inc.:** Common Stock, \$0.01 Par Value

New York Stock Exchange

**Florida Power & Light Company:** None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☒ 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.

NextEra Energy, Inc. Yes ☐ No ☒ Florida Power & Light Company Yes ☐ No ☒

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.

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

NextEra Energy, Inc. Yes ☒ No ☐ Florida Power & Light Company Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐  
Florida Power & Light Company Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☐

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 ☒

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 30, 2010 (based on the closing market price on the Composite Tape on June 30, 2010) was \$20,203,956,578.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2010.

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: Common Stock, \$0.01 par value, outstanding as of January 31, 2011: 420,952,376 shares.

As of January 31, 2011, 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 NextEra Energy, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2011 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, 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 NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

## DEFINITIONS

Acronyms and defined terms used in the text include the following:

<b>Term</b>	<b>Meaning</b>
AESO	Alberta Electric System Operator
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
BART	Best Available Retrofit Technology
CAISO	California Independent System Operator
capacity clause	capacity cost recovery clause, as established by the FPSC
Capital Holdings	NextEra Energy Capital Holdings, Inc., formerly known as FPL Group Capital Inc
charter	restated articles of incorporation, as amended, of NextEra Energy or FPL, as the case may be
conservation clause	energy conservation cost recovery clause, as established by the FPSC
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
environmental clause	environmental compliance cost recovery clause, as established by the FPSC
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FPL	Florida Power & Light Company
FPL FiberNet	FPL FiberNet, LLC
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GHG	greenhouse gas(es)
IESO	Independent Electricity System Operator
ISONE	ISO New England
ITCs	investment tax credits
kv	kilovolt(s)
kw	kilowatt
kwh	kilowatt-hour(s)
Lone Star	Lone Star Transmission, LLC
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	Midwest Independent Transmission System Operator, Inc.
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
mw	megawatt(s)
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Corporation
NextEra Energy	NextEra Energy, Inc., formerly known as FPL Group, Inc.
NextEra Energy Resources	NextEra Energy Resources, LLC
Note ____	note ____ to consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
NYISO	New York Independent System Operator
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
PJM	PJM Interconnection, L.L.C.
PMI	NextEra Energy Power Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTCs	production tax credits
PURPA	Public Utility Regulatory Policies Act of 1978, as amended
PV	photovoltaic
qualifying facilities	non-utility power production facilities meeting the requirements of a qualifying facility under the PURPA
Recovery Act	American Recovery and Reinvestment Act of 2009, as amended
regulatory ROE	return on common equity as determined for regulatory purposes
ROE	return on common equity
RPS	renewable portfolio standards
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
SEGS	Solar Electric Generating System
SPP	Southwest Power Pool
WCEC	FPL's West County Energy Center in western Palm Beach County, Florida

NextEra Energy, FPL, Capital Holdings and NextEra Energy Resources each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, FPL Group Capital, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NextEra Energy, FPL, Capital Holdings and NextEra Energy Resources 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, strategies, future events or performance (often, but not always, through the use of words or phrases such as will, will likely result, are expected to, will continue, is anticipated, aim, believe, could, should, would, estimated, may, plan, potential, projection, goals, target, outlook, predict and intend or words of similar meaning) 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, 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 NextEra Energy's and/or FPL's operations and financial results, and could cause NextEra Energy's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NextEra Energy 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 NextEra Energy and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. 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 or implied in any forward-looking statement.

## PART I

### Item 1. Business

#### NEXTERA ENERGY

NextEra Energy is one of the largest electric power companies in North America and the U.S. leading producer of renewable energy from wind and solar projects. At December 31, 2010, NextEra Energy had nearly 43,000 mw of generating capacity - approximately 53% natural gas, 19% wind, 13% nuclear, 13% oil and coal, and 2% hydro and solar. NextEra Energy's clean generation fleet gives the company significantly lower emissions rates of carbon dioxide, sulfur dioxide and nitrogen oxide than the electric power industry as a whole. In addition to fuel diversity, NextEra Energy has geographic diversity with approximately 15,000 employees overseeing operations in 28 states and Canada. Wind assets are in service in 17 states and three Canadian provinces. NextEra Energy also operates the third-largest nuclear fleet in the United States with eight units at five plants in four states.

NextEra Energy was incorporated in 1984 under the laws of Florida and has two principal operating subsidiaries, FPL and NextEra Energy Resources. FPL is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. NextEra Energy Resources is NextEra Energy's competitive energy subsidiary which produces the majority of its electricity from clean and renewable fuels. Capital Holdings, a wholly-owned subsidiary of NextEra Energy, holds the capital stock of, or has equity interests in, and provides funding for, NextEra Energy's operating subsidiaries, other than FPL and its subsidiaries, including NextEra Energy Resources. For a discussion of FPL's and NextEra Energy Resources' businesses, see FPL Operations and NextEra Energy Resources Operations below. For financial information regarding NextEra Energy's business segments, see Note 15.

**Website Access to SEC Filings.** NextEra Energy and FPL make their SEC filings, including the 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 NextEra Energy's internet website, [www.nexteraenergy.com](http://www.nexteraenergy.com), as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on NextEra Energy's website (or any of its subsidiaries' websites) is not incorporated by reference in this combined annual report on Form 10-K. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information about NextEra Energy and FPL filed electronically with the SEC.

#### FPL OPERATIONS

**General.** FPL is the largest electric utility in the state of Florida, serving more than 8.7 million people through approximately 4.5 million customer accounts, and one of the largest electric utilities in the United States. FPL supplies electric service throughout most of the east and lower west coasts of Florida. Incorporated under the laws of Florida in 1925, FPL is a wholly-owned subsidiary of NextEra Energy.

FPL is a vertically integrated, rate-regulated utility with 23,722 mw of generating assets as of December 31, 2010. FPL's typical monthly residential customer bill was the lowest of all 55 electricity providers in the state of Florida as of December 31, 2010, and was 24% below the national average as of July 2010, the most recent data available.

During 2010, FPL delivered 99.98% service reliability to its customers, and was in the top quartile nationwide for reliability based on 2009, the most recent data available. With a generating fleet that produces 78% of its electric power from natural gas and nuclear, FPL is also one the cleanest utilities in the nation, with an overall carbon dioxide emissions rate 35% below the industry average.

During 2010, FPL completed construction of a 75 mw hybrid solar power facility that combines a solar-thermal trough array with an existing combined-cycle natural gas plant. FPL has 110 mw of solar generating capacity in its portfolio, more than any other utility outside of California.

FPL's fossil fleet achieved a record level of fuel efficiency in 2010, with a system-wide heat rate of 8,043 British thermal units per kwh compared with 10,060 for the industry as a whole in 2009, the most recent data available. FPL has maintained operational efficiency as well, with O&M expenses for 2010 of 1.5 cents per kwh, compared with a 2009 industry average of 2.2 cents per kwh.

The percentage of FPL's operating revenues by customer class was as follows:

	Years Ended December 31,		
	2010	2009	2008
Residential	54%	56%	53%
Commercial	37	41	40
Industrial	2	3	3
Wholesale	1	1	1
Other, including deferred or recovered retail clause revenues, the net change in retail unbilled revenues, pole attachment rentals, transmission sales and customer-related fees	<u>6</u>	<u>(1)</u>	<u>3</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Regulation.** FPL's retail operations provided approximately 98% of FPL's 2010 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, but not limited to, the acquisition and disposition of facilities, interchange and transmission services and wholesale purchases and sales of electric energy. FPL must also comply with mandatory reliability standards established by the NERC to ensure the reliability of the U.S. electric transmission and generation system and to prevent major system blackouts. 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 maintenance 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, including, among other things, base rates and cost recovery clauses.

**Base Rates** - In general, 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). At the time base rates are determined, the allowed rate of return on rate base approximates the FPSC's determination of FPL's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed ROE. The FPSC monitors FPL's actual regulatory 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 negotiated settlements, which occur at the initiative of FPL, the FPSC, the State of Florida Office of Public Counsel or a substantially affected party. Base rates remain in effect until new base rates are approved by the FPSC.

Effective March 1, 2010, pursuant to an FPSC final order (FPSC rate order) with regard to FPL's March 2009 petition (2009 rate case) that requested, among other things, a permanent base rate increase, new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately \$75 million on an annualized basis. The FPSC rate order also established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. In addition, the FPSC rate order directed FPL to reduce depreciation expense (surplus depreciation credit) over the 2010 to 2013 period related to a depreciation reserve surplus. In August 2010, FPL, the State of Florida Office of Public Counsel, the Florida Attorney General's Office and all other principal parties in FPL's 2009 rate case signed a stipulation and settlement regarding FPL's base rates (2010 rate agreement). In December 2010, the FPSC voted to approve the 2010 rate agreement and on February 1, 2011 issued a final order reflecting its decision to approve the 2010 rate agreement. Key elements of the 2010 rate agreement, which will be effective through December 31, 2012, are as follows:

- Subject to the provisions of the 2010 rate agreement, retail base rates will be effectively frozen through the end of 2012.
- Incremental cost recovery through FPL's capacity clause for the new combined-cycle natural gas unit at WCEC (WCEC Unit No. 3), which is expected to be placed in service by mid-2011, will be permitted up to the amount of the projected fuel savings for customers during the term of the 2010 rate agreement. See Fossil Operations below.
- Future storm restoration costs would be recoverable on an accelerated basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than \$4 for every 1,000 kwh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge for the amount above \$800 million.
- If FPL's earned regulatory ROE falls below 9%, FPL may seek retail base rate relief. If FPL's earned regulatory ROE rises above 11%, any party to the 2010 rate agreement may seek a reduction in FPL's retail base rates. In determining the regulatory ROE for all purposes under the 2010 rate agreement, earnings will be calculated on an actual, non-weather-adjusted basis.

- FPL can vary the amount of surplus depreciation credit taken in any calendar year up to a cap in 2010 of \$267 million, a cap in subsequent years of \$267 million plus the amount of any unused portion from prior years, and a cap of \$776 million (surplus depreciation credit cap) over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement, including 2010, FPL must use at least enough surplus depreciation credit to maintain a 9% earned regulatory ROE but may not use any amount of surplus depreciation credit that would result in an earned regulatory ROE in excess of 11%.

Prior to the date new retail base rates were effective pursuant to the FPSC rate order, FPL's retail base rates were determined in accordance with the terms of a rate agreement approved in 2005 (2005 rate agreement), which was effective January 1, 2006. See Management's Discussion - Overview for a discussion of the 2005 rate agreement.

*Cost Recovery Clauses* - 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. Beginning in 2009, pre-construction costs and carrying charges for FPL's two additional nuclear units at Turkey Point and carrying charges on construction costs for FPL's approximately 400 mw to 460 mw of additional capacity at St. Lucie and Turkey Point are also recovered through a cost recovery clause. Also beginning in 2009, costs incurred for FPL's three solar generating facilities are recovered through a cost recovery clause. Cost recovery clause costs are recovered through levelized monthly charges per kwh or kw, depending on the customer's rate class. These cost recovery clause charges are calculated at least annually based on estimated 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 adjustment charges for prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect revised estimates.

In 2010, fuel clause recoveries were approximately \$4.5 billion. FPL uses a risk management fuel procurement program which was approved by the FPSC. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. See Energy Marketing and Trading below, Management's Discussion - Results of Operations - FPL, Note 1 - Regulation and Note 3.

Capacity payments to other utilities and generating companies for purchased power are recovered from customers through the capacity clause. Prior to March 2010, such payments were recovered through the capacity clause and base rates. In accordance with the FPSC's nuclear cost recovery rule, FPL also recovers pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs for new nuclear capacity through the capacity clause. As property related to the new capacity goes into service, construction costs are recovered through base rate increases. See Nuclear Operations below. In accordance with the 2010 rate agreement, cost recovery for WCEC Unit No. 3, which is expected to be placed in service by mid-2011, will be permitted up to the amount of the projected fuel savings for customers during the term of the 2010 rate agreement through FPL's capacity clause and will be reported as retail base revenues. See Base Rates above. In 2010, capacity clause recoveries were approximately \$606 million.

Costs associated with implementing energy conservation programs are recovered from customers through the conservation clause. In 2010, conservation clause recoveries were approximately \$187 million. Certain costs of complying with federal, state and local environmental regulations enacted after April 1993 and costs associated with FPL's three solar facilities are recovered through the environmental clause. In 2010, environmental clause recoveries were approximately \$175 million. See *Environmental and Solar Operations* below.

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include, among others, fuel and 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 holds 176 franchise agreements to provide electric service in various municipalities and counties in Florida with varying expiration dates through 2040. Of the 176 franchise agreements, 8 expire in 2011, 7 expire in 2012 and 161 expire during the period 2013 through 2040. Negotiations are ongoing to renew franchises with upcoming expirations. FPL also provides service to 13 other municipalities and to 22 unincorporated areas within its service area without franchise agreements. FPL considers its franchises to be adequate for the conduct of its business.

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 2010, operating revenues from wholesale and industrial customers combined represented approximately 3% 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 a request for proposal (RFP) except when the FPSC determines that an exception from the RFP process is in the public interest. 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 generating 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 generating capacity. New nuclear power plants are exempt from the RFP requirement. See Nuclear Operations below regarding the approval by the FPSC for two additional nuclear units at Turkey Point.

**Environmental.** FPL is subject to environmental laws and regulations and is affected by some of the emerging issues included in the Environmental Matters section. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

During 2010, FPL spent approximately \$181 million on capital additions related to environmental matters, primarily to comply with existing environmental laws and regulations. FPL's capital expenditures related to environmental matters are estimated to be \$228 million for 2011 through 2013, including approximately \$122 million in 2011, and are included in estimated planned capital expenditures set forth in Capital Expenditures below.

**System Capability and Load.** At December 31, 2010, FPL's resources for serving load consisted of 25,800 mw, of which 23,722 mw were from FPL-owned facilities (see Item 2 - Generating Facilities) and 2,078 mw were available through purchased power contracts (see Note 14 - Contracts). FPL's projected reserve margin for the summer of 2011 is approximately 23%. This reserve margin is expected to be achieved through the combination of output from FPL's active generating units (excluding solar, which is not considered a firm energy generator resource), purchased power contracts and the capability to reduce peak demand through the implementation of demand side management (DSM) programs, including load management, which was estimated at December 31, 2010 to be capable of reducing demand by 1,805 mw, and energy efficiency and conservation programs. In 2009, the FPSC issued an order that will require Florida utilities, including FPL, to meet higher DSM goals for both demand and energy. FPL submitted its DSM plan to the FPSC in 2010 and, in January 2011, the FPSC ordered FPL to submit a revised plan by March 2011. Once a DSM plan is approved by the FPSC, program standards will be submitted to the FPSC for approval. 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 load FPL has served to date was 24,346 mw, which occurred on January 11, 2010. FPL had adequate resources available at the time of this peak to meet customer demand. See Fossil Operations and Nuclear Operations below regarding generation projects currently under construction.

**Fuel Mix.** FPL's generating plants use a variety of fuels. The diverse fuel sources, along with purchased power, are intended to enable FPL to shift between sources of generation to achieve a more economical fuel mix. See Fossil Operations and Nuclear Operations below, and Item 2 - Generating Facilities.

FPL's 2010 fuel mix based on kwh produced was as follows:

<u>Fuel Source</u>	<u>Percentage of kwh Produced</u>
Natural gas	58%
Nuclear	20%
Purchased power	13%
Coal	5%
Oil	4%
Solar	<1%

**Fossil Operations.** At December 31, 2010, FPL owned and operated 79 units that used fossil fuels such as natural gas and/or oil, and has a joint-ownership interest in three coal units. These fossil units are out of service from time to time for routine maintenance or on standby during periods of reduced electricity demand. FPL is currently constructing WCEC Unit No. 3, a natural gas-fired combined-cycle unit of approximately 1,220 mw, which is expected to be placed in service by mid-2011. FPL is also in the process of modernizing its Cape Canaveral and Riviera Beach power plants to high-efficiency natural gas-fired units and expects the units to be placed in service by 2013 and 2014, respectively. Each modernized plant is expected to provide approximately 1,200 mw of capacity. See Capital Expenditures below.

FPL has several firm transportation contracts in place with four different suppliers with expiration dates ranging from 2013 to 2036 that together are expected to satisfy substantially all of the anticipated needs for natural gas transportation at its existing units. To the extent desirable, FPL purchases interruptible natural gas transportation service from two suppliers 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 natural gas requirements is purchased in the spot market. FPL has

a long-term agreement for the storage of natural gas that expires in 2013. See Note 14 - Contracts. FPL's oil requirements are obtained under short-term contracts and in the spot market.

FPL has, through its joint ownership interest in St. Johns River Power Park (SJRP) Units Nos. 1 and 2, a coal supply and transportation contract for all of the 2011 fuel needs and a portion of the 2012 and 2013 fuel needs for those units. All of the transportation requirements and a portion of the coal 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 14 - Contracts.

**Nuclear Operations.** FPL owns, or has undivided interests in, and operates four nuclear units, two at Turkey Point and two at St. Lucie, with a total net generating capability of 2,939 mw. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for approximately 30 days. This duration is longer for expanded scope outages, three of which are scheduled in 2011 related to the addition of capacity at FPL's existing nuclear units. The following table summarizes certain information related to FPL's nuclear units:

Facility	Net Capability (mw)	Operating License Expiration Dates	Next Scheduled Refueling Outage
St. Lucie Unit No. 1	839	2036	August 2011
St. Lucie Unit No. 2	714	2043	April 2012
Turkey Point Unit No. 3	693	2032	January 2012
Turkey Point Unit No. 4	693	2033	March 2011

FPL is in the process of adding approximately 400 mw to 460 mw of capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service from spring 2011 to 2013. The construction costs relating to the increase in capacity yet to be incurred as of December 31, 2010 are included in the estimated planned capital expenditures set forth in Capital Expenditures below. As part of the conditions of certification by the FDEP for the Turkey Point project, FPL was required to implement a monitoring plan in and around the Turkey Point cooling canals due to concerns over potential saltwater intrusion beyond FPL's property. Monitoring under the plan includes collection of data for a minimum of two years prior to and two years after the date the additional capacity is placed in service. The monitoring plan is designed to establish a baseline and assess the vertical and horizontal effects of the cooling canal system on existing and projected surface and groundwater and ecological conditions surrounding Turkey Point. The ultimate results of the monitoring plan are uncertain, and the financial and operational impacts on FPL, if any, cannot be determined at this time. In 2008, the FPSC approved FPL's need petition for two additional nuclear units at its Turkey Point site. The two units combined are expected to add approximately 2,200 mw of capacity and have projected in-service dates between 2022 and 2023. Additional approvals from other regulatory agencies will be required later in the development process. See Capital Expenditures below.

FPL has several contracts for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2011 through 2022. See Note 14 - Contracts. Under the Nuclear Waste Policy Act of 1982, as amended (Nuclear Waste Policy Act), the DOE is responsible for the development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. As required by the Nuclear Waste Policy Act, FPL is a party to contracts with the DOE to provide for disposal of spent nuclear fuel from its Turkey Point and St. Lucie nuclear units. 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 31, 2010, FPL has paid approximately \$651 million in such fees to the U.S. Government'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 2009, FPL and certain nuclear plant joint owners signed a settlement agreement (spent fuel settlement agreement) with the U.S. Government agreeing to dismiss with prejudice lawsuits filed against the U.S. Government seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from FPL's nuclear plants. The spent fuel settlement agreement permits FPL to make annual filings to recover certain spent fuel storage costs incurred by FPL which will be payable by the U.S. Government on an annual basis. Through December 31, 2010, FPL has collected approximately \$121 million from the U.S. Government pursuant to the spent fuel settlement agreement and has paid approximately \$6 million to the joint owners of St. Lucie Unit No. 2. FPL will continue to pay fees to the U.S. Government's nuclear waste fund. In March 2010, the DOE filed a motion with the NRC to withdraw its license application for a high-level nuclear waste repository at Yucca Mountain. The DOE's withdrawal motion has been challenged and is being litigated before the NRC and the U.S. Court of Appeals for the District of Columbia (D.C. Circuit). In light of the Obama Administration's decision not to proceed with the Yucca Mountain repository project, the DOE has established a Blue Ribbon Commission on America's Nuclear Future (BRC) to conduct a comprehensive review of policies for managing the back end of the nuclear fuel cycle and to provide recommendations for developing a safe, long-term solution to managing used nuclear fuel and nuclear waste. The BRC is scheduled to complete its activities in January 2012.

FPL uses both on-site storage pools and dry storage casks to store spent nuclear fuel generated by St. Lucie Units Nos. 1 and 2, which should allow FPL to store all spent nuclear fuel at this facility through license expiration. FPL currently stores all spent nuclear fuel generated by Turkey Point Units Nos. 3 and 4 in on-site storage pools. These spent nuclear fuel storage pools do not have sufficient storage capacity for the life of the respective units. In July 2011, FPL plans to begin using dry storage casks to store spent nuclear fuel generated by the Turkey Point facility, which should allow FPL to store spent nuclear fuel at this facility through license expiration.

The NRC's regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. FPL's current plans, under the 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 Management's Discussion - Critical Accounting Policies and Estimates - Nuclear Decommissioning and Fossil/Solar Dismantlement.

**Solar Operations.** FPL placed its first utility-scale solar generating facility into service in 2009 and placed two additional solar generating facilities in service in 2010. FPL's three solar generating facilities consist of a 25 mw solar PV facility in DeSoto County, Florida, a 10 mw solar PV facility in Brevard County, Florida and a 75 mw solar thermal facility in Martin County, Florida.

**Energy Marketing and Trading.** FPL's Energy Marketing & Trading division (EMT) 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 natural gas, oil and electricity. EMT also uses derivative instruments, such as swaps, options and forwards, to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Retail Ratemaking above, Management's Discussion - Results of Operations - FPL and Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

**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 and the procurement of nuclear fuel.

FPL's actual capital expenditures for 2008 through 2010 and estimated planned capital expenditures for 2011 through 2015 as of December 31, 2010 were as follows:

	Actual			Planned					Total
	2008	2009	2010	2011	2012 (millions)	2013	2014	2015	
Generation: <sup>(a)</sup>									
New <sup>(b)(c)</sup>	\$ 880	\$ 1,203	\$ 1,148	\$ 1,520	\$ 1,870	\$ 500	\$ 105	\$ -	\$ 3,995
Existing	601	651	588	655	570	610	665	490	2,990
Transmission and distribution	744	633	606	720	870	820	760	840	4,010
Nuclear fuel	130	178	98	260	170	255	205	220	1,110
General and other	94	102	101	120	145	95	120	105	585
Total	<u>\$ 2,449</u>	<u>\$ 2,767</u>	<u>\$ 2,541</u>	<u>\$ 3,275</u>	<u>\$ 3,625</u>	<u>\$ 2,280</u>	<u>\$ 1,855</u>	<u>\$ 1,655</u>	<u>\$ 12,690</u>

(a) Includes AFUDC of approximately \$49 million, \$76 million, \$79 million, \$29 million and \$3 million in 2011 to 2015, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Includes projects that have received FPSC approval. Includes pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs recoverable through the capacity clause of approximately \$98 million, \$75 million and \$24 million in 2011 to 2013, respectively. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

These estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates. See Management's Discussion - Liquidity and Capital Resources - Contractual Obligations and Estimated Planned Capital Expenditures and Note 14 - Commitments.

**Electric and Magnetic Fields.** Electric and magnetic fields (EMF) are present around electrical facilities, including, but not limited to, appliances, power lines and building wiring. 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. U.S. and international scientific organizations have evaluated the EMF research. Their reviews have generally concluded that while some epidemiology studies report an association with childhood leukemia, controlled laboratory studies do not support that association and the scientific studies overall have not demonstrated that EMF cause or contribute to any type of cancer or other disease.

The FDEP established EMF standards for electricity facilities in 1989 and FPL facilities comply with these standards. Future changes in the FDEP regulations could require additional capital expenditures by FPL for such things as increasing the width of right of ways 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 10,000 employees at December 31, 2010. Approximately 32% of the employees are represented by the International Brotherhood of Electrical Workers (IBEW) under a collective bargaining agreement with FPL that expires October 31, 2011.

## NEXTERA ENERGY RESOURCES OPERATIONS

**General.** NextEra Energy Resources is one of the largest wholesale generators of electric power in the United States, with 18,866 mw of generating assets across 26 states as of December 31, 2010. The company also owns and operates wind projects in the Canadian provinces of Nova Scotia, Quebec and Alberta. NextEra Energy Resources is the largest owner of wind and solar energy projects in the United States and the fourth largest owner of wind projects in Canada.

Of NextEra Energy Resources' net generating capability at December 31, 2010, more than 11,300 mw were contracted and approximately 5,800 mw operate on a merchant basis. Its wind portfolio has expanded from 1,745 mw in 2002 to 8,298 mw in 2010. As of December 31, 2010, NextEra Energy Resources is the largest generator of solar energy in the United States, principally through a 310 mw facility in California's Mojave Desert, of which 148 mw is owned by NextEra Energy Resources. NextEra Energy Resources is pursuing additional commercial-scale solar projects in the United States, Canada and Spain.

A wholly-owned subsidiary of Capital Holdings, NextEra Energy Resources was formed in 1998 to aggregate NextEra Energy's existing competitive energy businesses. It is a limited liability company organized under the laws of Delaware. Through its subsidiaries, NextEra Energy Resources currently owns, develops, constructs, manages and operates electric-generating facilities in wholesale energy markets. NextEra Energy Resources also provides full energy and capacity requirements services primarily to distribution utilities in certain markets and owns a retail electricity provider based in Texas. NextEra Energy Resources also engages in power and gas marketing and trading activities.

At December 31, 2010, NextEra Energy Resources managed or participated in the management of essentially all of its projects in which it has an ownership interest. NextEra Energy Resources had ownership interests in operating independent power projects with a net generating capability totaling 18,866 mw (see Item 2 - Generating Facilities). Generation capacity spans various geographic regions in North America and is produced using a variety of fuel sources, thereby reducing overall volatility related to varying market conditions and seasonality on a portfolio basis. At December 31, 2010, the percentage of capacity by geographic region was:

<u>Geographic Region</u>	<u>Percentage of Generation Capacity</u>
ERCOT	28%
Northeast	27%
Midwest	22%
West	15%
Other South	8%

At December 31, 2010, fuel sources for these projects were as follows:

<u>Fuel Source</u>	<u>Percentage of Generation Capacity</u>
Wind	44%
Natural Gas	35%
Nuclear	14%
Oil	4%
Hydro	2%
Solar and other	1%

NextEra Energy Resources' strategy is, among other things, to continue to maintain its leadership position in wind, accelerate growth in solar development, continue to expand its transmission capability, grow its customer supply and proprietary power and gas trading businesses, and develop its natural gas infrastructure business. NextEra Energy Resources' customer supply business includes full energy and capacity requirements services and the operations of a retail electricity provider. NextEra Energy Resources seeks to expand its generation portfolio primarily through wind and solar development and acquisitions where economic prospects are attractive. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation in 2010 to 2014, including 754 mw added in 2010 and approximately 700 mw to 1,000 mw in 2011. In addition to wind expansion, NextEra Energy Resources is considering several solar development opportunities in the United States and Europe, and plans to add approximately 400 mw to 600 mw of new solar generation in 2010 to 2014, including 5 mw added in 2010. The wind and solar expansions are subject to, among other things, continued public policy support, support for the construction and availability of sufficient transmission facilities and capacity, continued market demand, supply chain expansion and access to capital at reasonable cost and on reasonable terms. NextEra Energy Resources continues to invest in natural gas infrastructure opportunities. NextEra Energy Resources is evaluating additional natural gas infrastructure opportunities and will continue to explore additional projects as opportunities that it believes will be economically attractive become available.

NextEra Energy Resources' actual capital expenditures and investments for 2008 through 2010 and estimated planned capital expenditures for 2011 through 2015 as of December 31, 2010 were as follows:

	Actual			Planned					
	2008	2009	2010	2011	2012 (millions)	2013	2014	2015	Total
Wind <sup>(a)</sup>	\$ 2,255	\$ 2,625	\$ 1,950	\$ 505	\$ 30	\$ 10	\$ 5	\$ -	\$ 550
Solar <sup>(b)</sup>	20	40	185	955	885	420	75	-	2,335
Nuclear <sup>(c)</sup>	335	455	510	585	275	250	250	265	1,625
Natural gas	115	120	140	140	35	65	40	120	400
Other <sup>(d)</sup>	80	110	285	85	75	50	60	50	320
Total	<u>\$ 2,805</u>	<u>\$ 3,350</u>	<u>\$ 3,070</u>	<u>\$ 2,270</u>	<u>\$ 1,300</u>	<u>\$ 795</u>	<u>\$ 430</u>	<u>\$ 435</u>	<u>\$ 5,230</u>

(a) Consists of capital expenditures for planned new wind projects that have received applicable internal approvals and related transmission. NextEra Energy Resources plans to add new wind generation of approximately 3,500 mw to 5,000 mw in 2010 to 2014, including 754 mw added in 2010 and approximately 700 mw to 1,000 mw in 2011, at a total cost of approximately \$7 billion to \$10 billion.

(b) Consists of capital expenditures for planned new solar projects that have received applicable internal approvals and related transmission. NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014, including 5 mw added in 2010, at a total cost of approximately \$3 billion to \$4 billion.

(c) Includes nuclear fuel.

(d) Consists of capital expenditures that have received applicable internal approvals. NextEra Energy Resources plans to add natural gas infrastructure projects totaling approximately \$400 million to \$600 million in 2010 through 2014.

These estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates. See Management's Discussion - Liquidity and Capital Resources - Contractual Obligations and Estimated Planned Capital Expenditures and Note 14 - Commitments.

**Portfolio by Category.** NextEra Energy Resources' generating assets are categorized as follows:

**Wind Assets** - At December 31, 2010, NextEra Energy Resources had ownership interests in wind generating facilities with a combined capacity of approximately 8,298 mw (net ownership), of which approximately 79% have long-term contracts with utilities and power marketers, predominantly under fixed-price agreements with a weighted-average remaining contract life of 14 years. The expected output of the remaining 21% is substantially hedged through 2012 and partially hedged through 2018 against changes in commodity prices. NextEra Energy Resources operates substantially all of these wind facilities. Approximately 91% of NextEra Energy Resources' net ownership in wind facilities has received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005 (Holding Company Act). Essentially all of the remaining facilities have qualifying facility status under PURPA. NextEra Energy Resources' wind facilities are located in 17 states and Canada. NextEra Energy Resources expects to add approximately 700 mw to 1,000 mw of new wind generation in 2011.

**Contracted Assets** - At December 31, 2010, NextEra Energy Resources had 4,740 mw of non-wind contracted assets. The contracted category includes all projects, other than wind, with contracts for substantially all of their output. In 2010, two natural gas-fired plants, located in California and Pennsylvania, with a combined net generating capacity of approximately 1,250 mw moved from the merchant assets category to the contracted assets category when their respective long-term power sales agreements became effective. Essentially all of the contracted assets were under power sales contracts with utilities, with a weighted-average remaining contract life of 14 years, and have firm fuel and transportation agreements with expiration dates ranging from December 2011 to 2033. See Note 14 - Contracts. Approximately 1,550 mw of this capacity is natural gas-fired generation. The remaining 3,190 mw use a variety of fuels and technologies such as nuclear, oil, solar and coal. As of December 31, 2010, approximately 95% of NextEra Energy Resources' contracted generating capacity is from power plants that have received exempt wholesale generator status under the Holding Company Act, while the remaining 5% has qualifying facility status under PURPA. During the third quarter of 2011, a natural gas plant, located in the Northeast region, with a net generating capacity of approximately 145 mw will move to the merchant assets category when its long-term power sales agreement ends.

**Merchant Assets** - At December 31, 2010, NextEra Energy Resources' portfolio of merchant assets includes 5,828 mw of owned nuclear, natural gas, oil and hydro generation, of which 3,036 mw is located in the Northeast region and 2,792 mw in the ERCOT region. The merchant assets include 1,017 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 71% (based on net mw capability) of the natural gas fueled merchant assets have natural gas supply agreements or a combination of natural gas supply and transportation agreements to provide for on-peak natural gas requirements. See Note 14 - Contracts. Derivative instruments (primarily swaps, options, futures and forwards) are used to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases. Managing market risk through these instruments introduces other types of risk, primarily counterparty and operational risks. See Energy Marketing and Trading below.

**Nuclear Operations.** NextEra Energy Resources wholly owns, or has undivided interests in, four nuclear units with a total net generating capability of 2,554 mw. NextEra Energy Resources is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly owned units. See estimated decommissioning cost data in Management's Discussion - Critical Accounting Policies and Estimates - Nuclear Decommissioning and Fossil/Solar Dismantlement. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. The following table summarizes certain information related to NextEra Energy Resources' nuclear units:

Facility	Location	Net Capability (mw)	Portfolio Category	Operating License Expiration Dates	Next Scheduled Refueling Outage
Seabrook	New Hampshire	1,100	Merchant	2030 <sup>(a)</sup>	April 2011
Duane Arnold	Iowa	431	Contracted <sup>(b)</sup>	2034	October 2012
Point Beach Unit No. 1	Wisconsin	509	Contracted <sup>(c)</sup>	2030	October 2011
Point Beach Unit No. 2	Wisconsin	514	Contracted <sup>(c)</sup>	2033	March 2011

(a) In 2010, NextEra Energy Resources filed an application with the NRC to renew Seabrook's operating license for an additional 20 years.

(b) NextEra Energy Resources sells substantially all of its share of the output of Duane Arnold under a long-term contract expiring in 2014.

(c) NextEra Energy Resources sells 100% of the output of Point Beach Units Nos. 1 and 2 under a long-term contract through the current license terms.

NextEra Energy Resources is in the process of adding approximately 80 mw of capacity at each of its existing nuclear units at Point Beach during the scheduled refueling outages in the fall of 2011 for Unit No. 1 and the spring of 2011 for Unit No. 2. The construction costs relating to the capacity additions yet to be incurred as of December 31, 2010 are included in estimated planned capital expenditures set forth in Capital Expenditures above. See Note 14 - Commitments.

NextEra Energy Resources' nuclear facilities have several contracts for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2011 through 2022. See Note 14 - Contracts. Under the Nuclear Waste Policy Act, the DOE is responsible for the development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. As required by the Nuclear Waste Policy Act, subsidiaries of NextEra Energy Resources are parties to contracts with the DOE to provide for disposal of spent nuclear fuel from its Seabrook, Duane Arnold and Point Beach nuclear units. 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 U.S. Government's nuclear waste fund for Seabrook, Duane Arnold and Point Beach, including amounts paid by all joint owners, since the start of the plants' operations through December 31, 2010, is approximately \$535 million, of which NextEra Energy Resources has paid approximately \$115 million since the date of the plants' respective acquisitions. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 2009, certain subsidiaries of NextEra Energy Resources and certain nuclear plant joint owners signed the spent fuel settlement agreement with the U.S. Government agreeing to dismiss with prejudice lawsuits filed against the U.S. Government seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from the Seabrook, Duane Arnold and Point Beach nuclear plants. The spent fuel settlement agreement permits NextEra Energy Resources to make annual filings to recover certain spent fuel storage costs incurred by NextEra Energy Resources which will be payable by the U.S. Government on an annual basis. Through December 31, 2010, NextEra Energy Resources has collected approximately \$65 million from the U.S. Government pursuant to the spent fuel settlement agreement and has paid approximately \$21 million to the joint owners of Duane Arnold and Seabrook. NextEra Energy Resources will continue to pay fees to the U.S. Government's nuclear waste fund. For discussion of current developments regarding a high-level nuclear waste repository see FPL - Nuclear Operations. All of NextEra Energy Resources' nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which should allow NextEra Energy Resources to store spent nuclear fuel at these facilities through license expiration.

**Energy Marketing and Trading.** PMI, a subsidiary of NextEra Energy Resources, buys and sells wholesale energy commodities, such as natural gas, oil and electricity. Its primary role is to manage the commodity risk of NextEra Energy Resources' portfolio. PMI sells the output from NextEra Energy Resources' plants that has not been sold under long-term contracts. PMI procures natural gas and oil for NextEra Energy Resources' use in power generation, as well as substantially all of the electricity needs for NextEra Energy Resources' retail electricity provider operations, conducted primarily in Texas, which at December 31, 2010 served approximately 2,180 mw of peak load to approximately 189,000 customers. PMI uses derivative instruments such as swaps, options, futures and forwards to manage the risk associated with fluctuating commodity prices and to optimize the value of NextEra Energy Resources' power generation assets. PMI also provides full energy and capacity requirements services primarily to distribution utilities in certain markets and engages in power and gas marketing and 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, 2010, PMI provided full energy and capacity requirements services totaling approximately 5,820 mw of peak load in the NEPOOL, PJM, ERCOT, MISO and NYISO markets. The results of PMI's activities are included in NextEra Energy Resources' operating results. See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity, Note 1 - Energy Trading and Note 3.

**Regulation.** Each of the energy markets in which NextEra Energy Resources operates is subject to local, state and federal regulation, and other specific rules. At December 31, 2010, NextEra Energy Resources 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 95% of NextEra Energy Resources' 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. NextEra Energy Resources' exempt wholesale generators produce electricity from wind, hydropower, fossil fuels and nuclear facilities. Essentially all of the remaining 5% of NextEra Energy Resources' net generating capacity has qualifying facility status under PURPA. NextEra Energy Resources' qualifying facilities generate electricity from wind, solar, fossil fuels and waste coal. 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/or exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, regional transmission organizations (RTOs) and independent system operators (ISOs) exist in a number of regions to coordinate generation and transmission across wide geographic areas. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability, and facilitating competition among wholesale electricity providers. NextEra Energy Resources currently has operations that fall within the following RTOs and ISOs: AESO, CAISO, ERCOT, IESO, ISONE, MISO, NYISO, PJM and SPP. Additionally, certain NextEra Energy Resources facilities are subject to the NERC's mandatory reliability standards, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL - Regulation for further discussion of NERC and NRC regulations.

NextEra Energy Resources continues to evaluate and participate in regional market redesigns of existing operating rules for the integration of renewable energy resources and for the purchase and sale of energy commodities. In December 2010, ERCOT implemented a locational marginal price market design (a market-pricing approach used to manage the efficient use of the transmission system when congestion occurs on the electricity grid). NextEra Energy Resources does not anticipate a material impact, if any, on its business resulting from implementation of the new market design.

**Competition.** Competitive wholesale markets in the United States continue to evolve and vary among and within geographic regions. 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, solar and hydro resources (weather conditions), competition from regulated utilities and new sources of generation, effective risk management, demand growth, level of demand, environmental requirements and exposure to legal and regulatory changes.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for NextEra Energy Resources. 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. NextEra Energy Resources seeks to reduce its market risk by having a diversified portfolio by fuel type and location, as well as by contracting for the future sale of a significant amount of the electricity output of its plants.

**Environmental.** NextEra Energy Resources is subject to environmental laws and regulations and is affected by some of the emerging issues included in the *Environmental Matters* section.

During 2010, NextEra Energy Resources spent approximately \$6 million on capital additions related to environmental matters, primarily to comply with existing environmental laws and regulations. NextEra Energy Resources' capital expenditures related to environmental matters are estimated to be \$5 million for 2011 through 2013, including approximately \$3 million in 2011, and are included in estimated planned capital expenditures set forth in General above.

**Employees.** NextEra Energy Resources and its subsidiaries had approximately 4,690 employees at December 31, 2010. Subsidiaries of NextEra Energy Resources have collective bargaining agreements with various unions which are summarized in the table below.

Union	Location	Contract Expiration Date	% of NextEra Energy Resources Employees Covered
IBEW	Wisconsin	June 2012 - September 2013 <sup>(a)</sup>	10%
Utility Workers Union of America	New Hampshire	December 2013	5
IBEW	Iowa	May 2012	3
Security Police and Fire Professionals of America	Iowa	July 2012	3
IBEW	Maine	February 2013	2
IBEW	California	March 2012	— <sup>(b)</sup>
Total			<u>23%</u>

(a) Various employees at Point Beach are represented by the IBEW under four separate contracts with different expiration dates.

(b) Employees constitute less than 1% of NextEra Energy Resources' employees.

## OTHER NEXTERA ENERGY OPERATIONS

NextEra Energy's Corporate and Other segment represents other business activities, primarily FPL FiberNet and Lone Star, that are not separately reportable. See Note 15.

**FPL FiberNet.** FPL FiberNet, a wholly-owned subsidiary of Capital Holdings, was formed in 2000 to enhance the value of NextEra Energy'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, wireless carriers, internet and other telecommunications companies. FPL FiberNet's primary business focus is the Florida metropolitan (metro) market. Metro networks cover Miami, Fort Lauderdale, West Palm Beach, Tampa, St. Petersburg, Orlando, Jacksonville, Naples, Ft. Myers and Tallahassee. FPL FiberNet also has a long-haul network within Florida that provides bandwidth at wholesale rates. At December 31, 2010, FPL FiberNet's network consisted of approximately 4,030 route miles, which interconnect major cities throughout Florida.

At December 31, 2010, NextEra Energy's investment in FPL FiberNet totaled approximately \$180 million. FPL FiberNet invested approximately \$48 million during 2010 and plans to invest a total of approximately \$180 million over the next five years primarily to meet customers' specific requirements under contract.

**Lone Star.** In 2008, the Public Utility Commission of Texas (PUCT) approved a \$4.9 billion transmission grid improvement program that would add approximately 2,300 miles of 345 kv lines to deliver power from the Competitive Renewable Energy Zones (CREZ) in west Texas and the Texas panhandle to the Dallas/Fort Worth area and other population centers in Texas. In 2009, Lone Star, an indirect wholly-owned subsidiary of Capital Holdings, was allocated a portion of the transmission projects by the PUCT under the CREZ program. Lone Star's CREZ project includes constructing and operating approximately 300 miles of 345 kv transmission lines in Texas. In 2010, the PUCT approved Lone Star's certificate of convenience and necessity, which both established Lone Star as a regulated transmission provider in Texas and granted approval to begin construction of Lone Star's CREZ project. Lone Star is subject to the jurisdiction of the PUCT over a wide range of business activities, including, among others, rates charged to customers and certain aspects of siting, construction and operation of transmission systems. The PUCT has the authority to disallow recovery of costs that it considers excessive or impudently incurred. In late 2010, Lone Star commenced right-of-way acquisition and early construction activities on its CREZ project and expects the transmission line to be placed in service in 2013.

At December 31, 2010, NextEra Energy's investment in Lone Star totaled approximately \$20 million. Lone Star invested approximately \$20 million during 2010 and plans to invest a total of approximately \$780 million, including AFUDC, during the period 2011 through 2014 for construction of the transmission line.

## ENVIRONMENTAL MATTERS

NextEra Energy and FPL are subject to domestic and foreign environmental laws and regulations, including extensive federal, state, and local environmental statutes, rules, and regulations relating to 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 laws and regulations are subject to change. The following is a discussion of emerging federal and state initiatives and rules that could potentially affect NextEra Energy and its subsidiaries, including FPL and NextEra Energy Resources.

*Climate Change* - The U.S. Congress and certain states and regions continue to consider several legislative and regulatory proposals with respect to GHG emissions. The economic and operational impact of climate change legislation on NextEra Energy and FPL depends on a variety of factors, including, but not limited to, the allowed emissions, whether emission allowances will be allocated or auctioned, the cost to reduce emissions or buy allowances in the marketplace and the availability of offsets and mitigating factors to moderate the costs of compliance. If and until legislation is enacted and implementing regulations are adopted, the economic and operational impact (either positive or negative) on NextEra Energy and FPL cannot be determined, but could be material.

Meanwhile, the EPA is implementing regulatory action under the Clean Air Act to address climate change. In 2009, the EPA issued a final endangerment finding under Section 202(a) of the Clean Air Act that the current and projected concentrations of GHG in the atmosphere threaten the public health and welfare of current and future generations. The final finding noted that, among other things, climate change is expected to result in an increase in electricity demand, especially supply for peak demand, a potentially adverse impact on hydropower resources as well as the potential risk of serious adverse effects on energy infrastructure from extreme weather events. In April 2010, the EPA and the U.S. Department of Transportation issued a final rule under the Clean Air Act to regulate GHG emissions from light duty vehicles. The final light duty vehicle rule applies to new passenger vehicles effective January 2011 which triggers certain permitting requirements under the Clean Air Act for any new or modified stationary sources of GHG, including power plants, that exceed certain GHG emissions levels. In May 2010, the EPA released a final rule under the Clean Air Act to tailor requirements for GHG emissions which increased applicability thresholds for major sources of GHG emissions. New facilities emitting 100,000 tons per year (tpy) or more of GHG and modifications to existing facilities resulting in an increase of GHG emissions of 75,000 tpy or more will have to perform a Best Available Control Technology review and, based on that review, may have to add additional emissions control equipment or implement energy efficiency projects. Several petitioners have challenged the EPA's GHG regulations and requested a stay of the rules which the D.C. Circuit denied in December 2010. The case is pending review by the D.C. Circuit; the timing and ultimate outcome of which is uncertain at this time. In December 2010, the EPA announced that it will propose New Source Performance Standards (NSPS) for both new or modified boilers and for existing facilities no earlier than July 2011. The EPA plans to finalize the NSPS by May 2012.

In 2009, the EPA issued a final rule for mandatory reporting of GHG emissions from facilities with emissions of 25,000 tpy or more, which includes all of FPL's and NextEra Energy Resources' fossil plants. Affected facilities began collecting data in January 2010 and the first emissions report is due March 31, 2011 for the 2010 period. In December 2010, the EPA issued a final rule governing electrical transmission and distribution equipment use which requires owners/operators of electric power transmission and distribution equipment that contains a threshold volume of sulfurhexafluoride and/or perfluorocarbons to monitor such emissions from electric power transmission and distribution systems. Affected operators, including FPL, began collecting data in January 2011 and the first emissions report is due March 31, 2012 for the 2011 period.

Based on the most recent reference data available from government sources, NextEra Energy is among the lowest emitters, among electric generators, of GHG in the United States measured by its rate of emissions expressed as pounds of carbon dioxide (CO<sub>2</sub>) per megawatt-hour (mwh) of generation. However, the legislative and regulatory proposals have differing methods of implementation and the impact on FPL's and NextEra Energy Resources' generating units and/or the financial impact (either positive or negative) to NextEra Energy and FPL could be material, depending on the eventual structure of any legislation enacted or specific implementation rules adopted.

In anticipation of the potential for further imposition of GHG emission limits on the electric industry in the future, NextEra Energy has taken a leadership role in the debate of climate change regulation and is involved in several climate change initiatives, including, but not limited to, the following:

- voluntary reporting of its GHG emissions and climate change strategy through the Carbon Disclosure Project (an investor-led initiative to identify climate change impacts on publicly-traded companies);
- participation in the U.S. Climate Action Partnership (an alliance made up of a diverse group of U.S.-based businesses and environmental organizations, which in January 2009 issued the Blueprint for Legislative Action, a set of legislative principles and recommendations to address global climate change and the reduction of GHG emissions);
- participation in the Clinton Global Initiative (an organization which seeks to foster shared commitment by individuals, businesses and governments to confront major world issues and achieve real change);
- participated in the EPA's Climate Leaders Program to reduce GHG intensity in the United States 18% by 2012, including reporting of emissions data annually. During 2008, NextEra Energy met its commitment to achieve a 2008 target emissions rate reduction of 18% below a 2001 baseline emission rate measured in pounds per mwh. This program was discontinued in 2009 by the EPA in response to the EPA's mandatory GHG reporting rule requirement;
- supporting Edison Electric Institute's climate change framework, which supports the concept of mandatory legislation capping carbon emissions economy wide and recommends, among other things, an 80% reduction of carbon emissions from current levels by 2050; and
- focusing on customer energy efficiency and conservation through programs such as Energy Smart Florida and EarthEra Renewable Energy Trust.

NextEra Energy Resources' plants operate in many states and regions that have developed or are in the process of developing legislation to reduce GHG emissions, including, but not limited to, the following:

- RPS, currently in place in approximately 30 states and the District of Columbia, require electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025.
- The Regional Greenhouse Gas Initiative (RGGI) is a GHG reduction initiative whereby ten Northeast and Mid-Atlantic member states have enacted laws and adopted regulations that establish a cap-and-trade program for covered electric generating units in Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, Vermont, Maryland, Massachusetts and Rhode Island. RGGI members have agreed to stabilize power plant CO<sub>2</sub> emissions at 2009 levels through the end of 2014 and to further reduce the sector's emissions another 10% by the end of 2018. The RGGI GHG reduction requirements affect 12 NextEra Energy Resources' fossil electric generating units, requiring those electric generating units to reduce emissions or to acquire CO<sub>2</sub> allowances for emissions of CO<sub>2</sub>. Based on NextEra Energy Resources' clean generating portfolio in the RGGI marketplace, NextEra Energy Resources experienced a positive impact on earnings in 2009 and 2010 and expects that the requirements will have a positive overall impact on NextEra Energy Resources' earnings in 2011. In the fourth quarter of 2010, the RGGI participating states began efforts to support the 2012 program review called for in the RGGI Memorandum of Understanding, which will be a comprehensive evaluation including program success, program impacts, additional reductions, electricity imports and associated emissions leakage, and offsets.
- The Western Climate Initiative (WCI) is a GHG reduction initiative with a goal of reducing CO<sub>2</sub> emissions by 15% below 2005 levels by 2020 for participants (Arizona, California, Oregon, Montana, New Mexico, Washington and Utah, as well as British Columbia, Manitoba, Ontario and Quebec, Canada). Due to concerns about the economic impacts of GHG reductions programs, some states and provinces are reconsidering their commitment to the WCI.
- California Greenhouse Gas Regulation (CGGR) - California has enacted legislation to reduce GHG emissions in the state to 1990 emissions levels by 2020. In December 2010, pursuant to the legislation, the California Air Resources Board approved a multi-sector GHG cap-and-trade program along with other GHG reduction measures which will begin in 2012. Based on NextEra Energy Resources' clean generating portfolio in California, the impact of complying with the CGGR is not expected to have a material adverse impact on the financial statements of NextEra Energy.

*Clean Air Act Mercury/Nickel Rule* - Since 2005, the EPA has made several attempts to regulate nickel emissions from oil-fired generating units and mercury emissions from coal-fired generating units. In 2008, the D.C. Circuit required the EPA to proceed with rulemaking under Section 112 of the Clean Air Act to promulgate a Utility Maximum Achievable Control Technology (MACT) rule by November 2011 requiring reductions of hazardous air pollutants from coal-fired and oil-fired generating units' emissions. Depending upon the final outcome of the EPA's rulemaking, it is possible that certain oil-fired and coal-fired units at FPL and NextEra Energy Resources may be required to add additional pollution control equipment.

*Clean Air Interstate Rule (CAIR)/Clean Air Transport Rule (Transport Rule)* - In 2005, the EPA published a final CAIR that requires sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) emissions reductions from electric generating units in 28 states, where the emissions from electric generating units are deemed to be transported to downwind states. In 2008, the D.C. Circuit found significant flaws in the rule and remanded it back to the EPA for further rulemaking. Because the D.C. Circuit chose not to vacate the rule, NextEra Energy and FPL were required to begin complying with the current version of the CAIR on January 1, 2009 and must continue to comply until the EPA rewrites the rule. In July 2010, the EPA released the proposed rewrite of the CAIR, known as the Transport Rule, to limit emissions of SO<sub>2</sub> and NO<sub>x</sub> from power plants in 31 eastern states and the District of Columbia and provides for a new allocation methodology for emission allowances and revised emissions reduction limits beginning in 2012. NextEra Energy has submitted comments on the Transport Rule to the EPA and the final rule is expected to be published no earlier than the summer of 2011. The impact of complying with the current version of the CAIR has not had, and, along with compliance with the Transport Rule as currently proposed, is not expected to have, a material adverse effect on the financial statements of NextEra Energy and FPL.

*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 per year. The rule requires states to complete BART determinations and allows for a five-year period to implement pollution controls. The final BART requirements of the Clean Air Visibility Rule affect FPL's Turkey Point Fossil Units Nos. 1 and 2 and one of NextEra Energy Resources' units located in Maine and are not expected to have a material adverse effect on the financial statements of NextEra Energy or FPL.

In 2007, the FDEP began the process to expand the number of units covered under the "Reasonable Further Progress" provision of the Clean Air Visibility Rule in an effort to reduce emissions of SO<sub>2</sub> in areas which include certain national park and wilderness areas. In 2010, the FDEP rescinded the "Reasonable Further Progress" provision from Florida's plan to address regional haze and instead will rely on the EPA's Transport Rule and proposed boiler MACT rules to demonstrate reasonable progress toward the visibility goals for national park and wilderness areas.

*Clean Water Act Section 316(b)* - In 2004, the EPA issued a rule under Section 316(b) of the Clean Water Act to address the location, design, construction and capacity of intake structures at existing power plants with once-through cooling water systems. The rule would have required NextEra Energy to install controls or implement operational changes to reduce the impact on aquatic organisms from such water intake systems. A number of environmental groups and six northeastern states appealed the rule and, in 2007, the U.S. Court of Appeals for the Second Circuit issued a decision eliminating several of the compliance alternatives, including the use of a "cost-benefit test" and restoration measures, from consideration and remanded the rule to the EPA for further rulemaking. In 2009, the U.S. Supreme Court ruled that the use of a cost-benefit test is an acceptable alternative under Section 316(b) of the Clean Water Act for determining the best technology available for minimizing impacts to aquatic organisms from the use of large cooling water intake systems. The EPA is working on new rulemaking which is not expected to be proposed before the spring of 2011 with the final rule in the summer of 2012. Depending upon the final outcome of the rulemaking by the EPA, eight of FPL's generating facilities (Cape Canaveral, Cutler, Fort Myers, Lauderdale, Port Everglades, Sanford, Riviera and St. Lucie) and three NextEra Energy Resources plants (Seabrook, Point Beach and an oil-fired plant in Maine) may be required to add additional controls or make operational changes to comply with the rule, the economic and operational impact of which cannot be determined at this time, but could be material. Prior to the passage of a new rule, states are continuing to utilize "Best Professional Judgment" in the application of Section 316(b) compliance requirements. Through December 31, 2010, five FPL facilities undergoing permit renewals have been or may be required to install fish impingement controls with fish return systems.

*Revisions to the National Ambient Air Quality Standards (NAAQS) for Ozone* - In 2008, the EPA issued a final rule establishing a new standard for ground-level ozone at 75 parts per billion (ppb). After reconsideration, in January 2010, the EPA issued a proposed revision to the NAAQS for ground-level ozone requesting comments on revising the 2008 primary standard to a more restrictive primary standard of between 60 ppb and 70 ppb. It is anticipated that the EPA will issue a final rule no earlier than the summer of 2011 which will require states to (i) identify areas which will be designated as non-attainment for ground-level ozone within 120 days of the final rule, (ii) develop plans to meet the attainment standard by 2013 and (iii) begin meeting the attainment standard between 2014 and 2031 based on non-attainment severity. Generating facilities affected by the new ozone standard may be required to install additional pollution control equipment. A review of recent ozone monitoring data indicates that some or all of FPL's generating facilities may be located in non-attainment areas, or areas projected to be in non-attainment depending on the primary standard adopted, and some of those generating facilities may be required to install additional pollution control equipment.

## EXECUTIVE OFFICERS OF NEXTERA ENERGY<sup>(a)</sup>

Name	Age	Position	Effective Date
Christopher A. Bennett	52	Executive Vice President & Chief Strategy, Policy & Business Process Improvement Officer of NextEra Energy	February 15, 2008 <sup>(b)</sup>
Paul I. Cutler	51	Treasurer of NextEra Energy	February 19, 2003
		Treasurer of FPL	February 18, 2003
F. Mitchell Davidson	48	Assistant Secretary of NextEra Energy and FPL	December 10, 1997
		Chief Executive Officer of NextEra Energy Resources	July 29, 2008
		President of NextEra Energy Resources	December 15, 2006
Moray P. Dewhurst	55	Vice Chairman and Chief of Staff of NextEra Energy	August 17, 2009
Shaun J. Francis	39	Executive Vice President, Human Resources of NextEra Energy	August 16, 2010
		Executive Vice President, Human Resources of FPL	January 31, 2011
Chris N. Froggatt	53	Vice President of NextEra Energy	October 19, 2009
		Controller and Chief Accounting Officer of NextEra Energy	February 27, 2010
Lewis Hay, III	55	Chief Executive Officer of NextEra Energy	June 11, 2001
		Chairman of NextEra Energy and FPL	January 1, 2002
Joseph T. Kelliher	50	Executive Vice President, Federal Regulatory Affairs of NextEra Energy	May 18, 2009
Robert L. McGrath	57	Executive Vice President, Engineering, Construction & Corporate Services of NextEra Energy and FPL	February 21, 2005 <sup>(b)</sup>
Manoochehr K. Nazar	56	Executive Vice President, Nuclear Division and Chief Nuclear Officer of NextEra Energy	January 1, 2010
		Executive Vice President, Nuclear Division and Chief Nuclear Officer of FPL	January 15, 2010
Armando J. Olivera	61	Chief Executive Officer of FPL	July 17, 2008
		President of FPL	June 24, 2003
Armando Pimentel, Jr.	48	Chief Financial Officer of NextEra Energy and FPL	May 3, 2008
		Executive Vice President, Finance of NextEra Energy and FPL	February 15, 2008 <sup>(b)</sup>
James L. Robo	48	President and Chief Operating Officer of NextEra Energy	December 15, 2006
Antonio Rodriguez	68	Executive Vice President, Power Generation Division of NextEra Energy	January 1, 2007 <sup>(b)</sup>
		Executive Vice President, Power Generation Division of FPL	July 1, 1999 <sup>(b)</sup>
Charles E. Sieving	38	Executive Vice President & General Counsel of NextEra Energy	December 1, 2008
		Executive Vice President of FPL	January 1, 2009
		Assistant Secretary of NextEra Energy	May 21, 2010

(a) Information is as of February 24, 2011. 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. Mr. Bennett was vice president, business strategy & policy of NextEra Energy from July 2007 to February 2008. From September 1995 to June 2007, Mr. Bennett was vice president of Dean & Company, a management consulting and investment firm. Mr. Davidson was senior vice president of business management of NextEra Energy Resources from March 2005 to December 2006. Mr. Dewhurst was vice president, finance and chief financial officer of NextEra Energy and senior vice president, finance and chief financial officer of FPL from July 2001 to May 2008. Mr. Francis was general manager of human resources for GE Transportation, a global technology leader and supplier to the railroad, marine, drilling, mining and wind power industries from February 2008 to August 2010. From February 2006 to February 2008, Mr. Francis served as general manager of human resources of GE Equipment Services, a global technology leader in the transportation industry including rail cars, sea containers, tractor trailers, and Penske truck and leasing. Mr. Froggatt was the vice president and treasurer of Pinnacle West Capital Corporation, a public utility holding company, and its major subsidiary, Arizona Public Service Company (APS), a regulated utility, from December 2008 to October 2009. From October 2002 to December 2008, he was vice president, controller and chief accounting officer of APS. Mr. Hay was also chief executive officer of FPL from January 2002 to July 2008. Mr. Hay was president of NextEra Energy from June 2001 to December 2006. Mr. Kelliher was chairman of the FERC from July 2005 to January 2009. Mr. Nazar was the chief nuclear officer of NextEra Energy from January 2009 to December 2009. He was senior vice president and chief nuclear officer of FPL from November 2007 to January 2009. From October 2003 to November 2007, Mr. Nazar was senior vice president & chief nuclear officer of American Electric Power Company, Inc., a public utility holding company. Mr. Pimentel was a partner of Deloitte & Touche LLP, an independent registered public accounting firm, from June 1998 to February 2008. Mr. Robo was president of NextEra Energy Resources from July 2002 to December 2006. He was also vice president, corporate development and strategy of NextEra Energy from March 2002 to December 2006. Mr. Sieving was also general counsel of FPL from January 2009 to May 2010. Mr. Sieving was executive vice president, general counsel and secretary of PAETEC Holding Corp., a communications services and solutions provider, from February 2007 to November 2008 and was primarily responsible for all legal and regulatory matters. Prior to that, Mr. Sieving was a partner in the corporate, securities and finance practice group of Hogan Lovells US LLP, an international law firm, with which he had been associated since October 1998.

(b) NextEra Energy title changed from vice president to executive vice president effective May 23, 2008. Where applicable, FPL title changed from senior vice president to executive vice president effective July 17, 2008.

## Item 1A. Risk Factors

### Risks Relating to NextEra Energy's and FPL's Business

The business, financial results, financial condition and prospects of NextEra Energy and FPL are subject to a variety of significant risks, many of which are beyond their control. The following is a description of some of the important risk factors that may adversely affect the business and may cause the actual results of NextEra Energy and FPL in future periods to differ substantially from those that NextEra Energy or FPL currently expects or seeks. Many of the risks set forth below may only apply to a portion of the businesses of subsidiaries of NextEra Energy, such as its FPL business, its wind or solar generation development businesses, its transmission business or its gas infrastructure business. Accordingly, references to "NextEra Energy" below in some instances refer to the applicable businesses or subsidiaries of NextEra Energy. Risks specifically applicable to FPL generally include a reference to "FPL."

*NextEra Energy's and FPL's financial results may be adversely affected by the extensive regulation of their businesses.*

- The operations of NextEra Energy and FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, some but not all of which is more specifically identified in the following risk factors, regulates, among other things, NextEra Energy's and FPL's industry, rate and cost structure, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, decommissioning costs, transmission reliability, wholesale and retail competition, and commodities trading and derivatives transactions. In their business planning and in the management of their operations, NextEra Energy and FPL must address the effects of regulation on their businesses and proposed changes in the regulatory framework. Significant changes in the nature of the regulation of NextEra Energy's and FPL's businesses could require changes to their business planning and management of their businesses and could adversely affect their financial results, including, but not limited to, the value of their assets. NextEra Energy and FPL must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective conditions. Should NextEra Energy or FPL be unsuccessful in obtaining necessary licenses or permits on acceptable terms, should there be a delay in obtaining or renewing necessary licenses or permits or should regulatory authorities initiate any investigations or enforcement actions or impose penalties or disallowances on NextEra Energy or FPL, NextEra Energy's and FPL's businesses could be adversely affected.

*NextEra Energy's and FPL's financial results could be negatively affected if they or their rate-regulated businesses are unable to recover, in a timely manner, certain costs, a return on certain assets or an appropriate return on capital from customers through regulated rates and, in the case of FPL, cost recovery clauses.*

- FPL is a regulated entity subject to the jurisdiction of the FPSC over a wide range of business activities, including, among other items, the retail rates charged to its customers, the terms and conditions of its services, procurement of electricity for its customers, issuance of securities, transfers of some utility assets and facilities to affiliates, and aspects of the siting and operation of its generating plants and transmission and distribution systems for the sale of electric energy. Lone Star, which is a wholly-owned subsidiary of NextEra Energy, is a regulated entity subject to the jurisdiction of the PUCT over a wide range of business activities. The FPSC and PUCT have the authority to disallow recovery by FPL and Lone Star, respectively, of costs that it considers excessive or imprudently incurred. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida, Texas and elsewhere, can restrict NextEra Energy's and FPL's ability to grow earnings and does not provide any assurance as to achievement of authorized or other earnings levels. NextEra Energy's and FPL's financial results could be materially adversely affected if any material amount of costs, a return on certain assets or an appropriate return on capital cannot be recovered through base rates, cost recovery clauses or other regulatory mechanisms.
- Decisions of the FPSC and the PUCT have been and, in the future, may be adversely affected by the local and national political, regulatory and economic environment and may adversely affect the financial results of NextEra Energy and FPL. These decisions may require, for example, NextEra Energy or FPL to cancel or delay planned development activities and to reduce or delay other planned capital expenditures which could reduce the earnings potential of NextEra Energy and FPL.

*NextEra Energy and FPL are subject to federal regulatory compliance and proceedings which have significant compliance costs and expose them to substantial monetary penalties and other sanctions.*

- In addition to the regulatory risks that may affect NextEra Energy and FPL described above, the extensive federal regulation of the operations of NextEra Energy and FPL exposes the companies to significant and increasing compliance costs. NextEra Energy and FPL also are subject to costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties for non-compliance. As an example, under the Energy Policy Act of 2005, NextEra Energy and FPL, as owners and operators of bulk power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NextEra Energy and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NextEra Energy is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions.

*NextEra Energy and FPL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.*

- From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting NextEra Energy and FPL. Adverse press coverage and other adverse statements may result in investigations by regulators, legislators and law enforcement officials or in lawsuits. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of senior management from NextEra Energy's and FPL's businesses. Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can also have a negative impact on the reputation of NextEra Energy and FPL and on the morale and performance of their employees, which could adversely affect their financial results.

*NextEra Energy's and FPL's businesses are subject to risks associated with legislative and regulatory initiatives.*

- NextEra Energy and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives, including, for example, initiatives regarding regulation, deregulation or restructuring of the energy industry and regulation of the commodities trading and derivatives markets. NextEra Energy and its subsidiaries will need to adapt to any changes and may face increasing costs and competitive pressures in doing so. NextEra Energy produces the majority of its electricity from clean and renewable fuels, such as nuclear, natural gas and wind, operates in the competitive segment of the electric industry, has targeted the competitive segments of the electric industry for some of its future growth and relies on the efficient operation of the commodities trading and derivatives markets. NextEra Energy's financial results and growth prospects could be adversely affected as a result of new, or changes in, laws, regulations or interpretations, or other regulatory initiatives, including, but not limited to, those that reverse or restrict the competitive restructuring of the energy industry or the effective operation of the commodities trading or derivatives markets.

*NextEra Energy and FPL are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.*

- NextEra Energy and FPL are subject to domestic and foreign environmental laws and regulations, including, but not limited to, extensive federal, state, and local environmental statutes, rules and regulations relating to air quality, water quality and usage, climate change, GHG, including, but not limited to, CO<sub>2</sub> emissions, waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, natural resources, health, safety and RPS that could, among other things, prevent or delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict the output of some existing facilities, limit the use of some fuels required for the production of electricity, require additional pollution control equipment, and otherwise increase costs or limit or eliminate certain operations. 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 as a result of new legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. For example, among other potential or pending changes described elsewhere in this report, the process of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NextEra Energy's gas infrastructure business are currently being debated for potential regulation at the state and federal levels. Violations of current or future laws, rules and regulations could expose NextEra Energy and FPL to regulatory proceedings, disputes with, and legal challenges by, third parties, and potentially significant civil fines, criminal penalties and other sanctions.

*NextEra Energy's and FPL's businesses could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of GHG emissions.*

- Federal or state laws or regulations may be adopted that would impose new or additional limits on GHG, including, but not limited to, CO<sub>2</sub> and methane, from electric generating units storing and combusting fossil fuels like coal and natural gas. The potential effects of such GHG emission limits on NextEra Energy's and FPL's electric generating units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of GHG emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives. While NextEra Energy's and FPL's electric generating units emit GHGs at a lower rate of emissions than most of the U.S. electric generation sector, the financial results of NextEra Energy and FPL could be adversely affected to the extent that any new GHG emission limits, among other potential impacts:
  - create substantial additional costs in the form of taxes or emission allowances;
  - make some of NextEra Energy's and FPL's electric generating units uneconomical to operate in the long term;
  - require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or

- affect the availability or cost of fossil fuels.

*The construction, operation and maintenance of nuclear generation facilities involve risks that could result in fines or the closure of nuclear generation facilities owned by NextEra Energy or FPL and in increased costs and capital expenditures.*

- Together, FPL and NextEra Energy's other subsidiaries own, or hold undivided interests in, eight nuclear generation units in four states. The construction, operation and maintenance of the facilities involve inherent risks, including, but not limited to, the following:
  - The nuclear generation facilities are subject to environmental, health and financial risks, such as risks relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. Although NextEra Energy and FPL maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks, the cost of decommissioning the facilities could exceed the amount available in the decommissioning funds, and the liability and property damages could exceed the amount of insurance coverage. In the event of an incident at any nuclear generation facility in the United States, NextEra Energy and FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.
  - The NRC has broad authority to impose licensing and safety-related requirements for the construction of nuclear generation facilities, the addition of capacity at existing nuclear generation facilities, and the operation and maintenance of nuclear generation facilities, and such requirements are subject to change. In the event of non-compliance, the NRC has the authority to impose fines or shut down a nuclear generation facility, or to take both of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NextEra Energy and FPL to incur substantial operating and capital expenditures at their nuclear generation facilities. In addition, any serious nuclear incident occurring at a NextEra Energy or FPL plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear generation facility. An incident at a nuclear facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, which could increase costs and result in additional capital expenditures.
  - The operating licenses for NextEra Energy's and FPL's nuclear generation facilities extend through at least 2030. If any of NextEra Energy's or FPL's nuclear generation units cannot be operated through the end of their respective operating licenses, NextEra Energy or FPL may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, which could adversely affect their financial results.
  - Terrorist threats and increased public scrutiny of nuclear generation facilities could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict.

*NextEra Energy's and FPL's operating results could suffer if they do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, generation, transmission, distribution or other facilities on schedule or within budget.*

- NextEra Energy and FPL may incur significant costs for development of projects, including, but not limited to, preliminary engineering, permitting, legal and other expenses before it can be established whether a project is feasible, economically attractive, capable of being financed or, in some cases, approved for regulatory recoveries. The ability of NextEra Energy and FPL to complete construction of, and capital improvement projects for, their generation, transmission, distribution, gas infrastructure and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on acceptable terms, delays in obtaining or renewing necessary licenses, permits, rights-of-way and other approvals, disputes involving contractors, labor organizations, land owners and other third parties, negative publicity, transmission interconnection issues and other factors or failures. If any development project or construction or capital improvement project is not completed or is delayed or subject to cost overruns, NextEra Energy's and FPL's operational and financial results may be adversely affected. In any such event, among other matters, NextEra Energy and FPL could be subject to additional costs, which, in some cases, may not be approved for or recoverable through regulatory mechanisms, and could result in delay or termination payments and other damages under committed contracts, loss of tax credits and the write-off of their investment in the project.

*The operation and maintenance of power generation, transmission and distribution facilities involve significant risks that could adversely affect the financial results of NextEra Energy and FPL.*

- The operation and maintenance of power generation, transmission and distribution facilities involve many risks, such as those identified elsewhere in these risk factors and those arising due to:
  - risks of start-up operations;
  - failures in the supply, availability or transportation of fuel;
  - the impact of unusual or adverse weather conditions, including, but not limited to, natural disasters such as hurricanes, floods, earthquakes and droughts;
  - performance below expected or contracted levels of output or efficiency;
  - breakdown or failure of equipment, transmission and distribution lines or pipelines;
  - availability of replacement equipment;
  - risks of human injury from energized equipment;
  - availability of adequate water resources and ability to satisfy water discharge requirements;
  - inability to properly manage or mitigate known equipment defects throughout NextEra Energy's and FPL's generation fleets and transmission and distribution systems;
  - use of new or unproven technology; and
  - dependence on a specific fuel source.

The occurrence of any of these effects or events could result in, among other matters, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines, replacement equipment costs or an obligation to purchase or generate replacement power 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. Breakdown or failure of an operating facility of NextEra Energy, for example, may prevent NextEra Energy from performing under applicable power sales agreements which, in some situations, could result in termination of the agreement or subject NextEra Energy to liability for liquidated damages. The operation and maintenance of NextEra Energy's gas infrastructure and power transmission businesses also are subject to many of the foregoing risks or substantially similar risks.

*NextEra Energy's competitive energy business is subject to development and operating risks that could limit the revenue growth of this business and have other negative effects on NextEra Energy's financial results.*

- To operate successfully in the competitive wholesale energy markets, NextEra Energy must, among other things, efficiently develop and operate its generating assets, procure adequate supplies of fuel and associated transportation at acceptable prices, successfully and timely complete project restructuring activities, maintain the qualifying facility status of certain projects and complete its energy deliveries in a timely manner. Its ability to do so is subject to a variety of risks. In addition to risks such as those identified elsewhere in these risk factors, risks that specifically affect NextEra Energy's success in competitive wholesale markets and in the gas infrastructure business include:
  - NextEra Energy may face increased competition, including, but not limited to, from other and new sources of power generation, excess generation capacity and shifting demand for power, legal and regulatory developments and general economic conditions. Risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project agreements may impede development activities.
  - There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NextEra Energy's inability or failure to hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures could significantly impair NextEra Energy's financial results.
  - A portion of NextEra 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 increase the volatility of NextEra Energy's financial results.
  - NextEra Energy depends upon power transmission and natural gas transportation facilities owned and operated by others. If transmission or transportation of sufficient power or natural gas is unavailable or disrupted, NextEra Energy's ability to sell and deliver its wholesale power or natural gas may be limited.

*NextEra Energy's competitive energy business is dependent on continued public policy support and governmental support for renewable energy, particularly wind and solar projects.*

- NextEra Energy's competitive energy business, NextEra Energy Resources, depends heavily on government policies that support renewable energy and enhance the economic feasibility of developing wind and solar energy projects. The federal government, a majority of the 50 U.S. states and portions of Canada and Spain provide incentives, such as tax incentives, RPS or feed-in tariffs, that support the sale of energy from renewable sources, such as wind and solar energy. The applicable legislation often grants the relevant state public utility commission the ability to reduce electric supply companies' obligations to meet the requirements in specified circumstances. Any reduction or elimination of existing supportive policies, including, but not limited to, RPS or feed-in tariffs, and ultimately any failure to renew or increase existing supportive policies, could result in less demand for generation from NextEra Energy's wind and solar energy projects.
- The Recovery Act includes, among other things, provisions that allow companies building wind facilities the option to choose among the following three investment cost recovery mechanisms: (1) PTCs which were extended for wind facilities placed in service prior to 2013, (2) ITCs of 30% of the cost for qualifying wind facilities placed in service prior to 2013, or (3) an election to receive a cash grant of 30% of the cost of qualifying wind facilities placed in service in 2009, 2010 or 2011, or if construction began prior to December 31, 2011 and the wind facility is placed in service prior to 2013. An election to receive a cash grant of 30% in lieu of the 30% ITC also applies to the cost of qualifying solar facilities placed in service in either 2009, 2010 or 2011, or if construction began prior to December 31, 2011 and the solar facility is placed in service prior to 2017. In order for NextEra Energy to continue to economically develop wind and solar energy projects in the future, it will need to utilize the investment cost recovery mechanisms currently available as well as requiring similar public policy support in the future.

*NextEra Energy and FPL are subject to credit and performance risk from customers, counterparties and vendors.*

- NextEra Energy and FPL are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, counterparties and vendors, may affect the ability of some customers, counterparties and vendors to perform as required under their contracts. If any counterparty or vendor fails to fulfill its contractual obligations, NextEra Energy and FPL may need to make arrangements with other counterparties or vendors, which could result in higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If a defaulting counterparty is in poor financial condition, NextEra Energy and FPL may not be able to recover damages for any contract breach.

*NextEra Energy's and FPL's financial results may continue to be negatively affected by slower customer growth and customer usage.*

- NextEra Energy's and FPL's results of operations are affected by the growth in customer accounts and by customer usage, each of which directly influences the demand for electricity and the need for additional power generation and power delivery facilities. A lack of growth or slower growth in the number of retail customers or in non-weather related customer usage, such as that which has occurred over the past several years, could adversely affect NextEra Energy's and FPL's results of operations. Customer growth and customer usage are affected by a number of factors outside the control of NextEra Energy and FPL, such as mandated energy efficiency measures, demand side management goals, and economic and demographic conditions, such as population, job and income growth, housing starts and new business formation. NextEra Energy's and FPL's financial results may also be adversely affected by FPL's ability to negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida. As a result, NextEra Energy and FPL may make, but not fully realize the anticipated benefits from, significant investments and expenditures, which could adversely affect their financial results.

*NextEra Energy's and FPL's financial results are subject to risks associated with weather conditions, such as the impact of severe weather.*

- NextEra Energy's and FPL's financial results can be negatively affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy and energy-related commodities, and can affect the production of electricity at power generating facilities, including, but not limited to, wind, solar and hydro-powered facilities. For example, the level of wind resource affects the results of operations of wind generating facilities. Since the levels of wind, solar and hydro resources are variable and difficult to predict, NextEra Energy's results of operations for individual wind, solar and hydro facilities vary or may vary significantly from period to period depending on the level of available resources. To the extent that resources are not available at planned levels, the returns from these facilities may be less than expected.

- In addition, NextEra Energy's and FPL's financial results would be affected by the impact of severe weather, such as hurricanes, floods and earthquakes, which can be destructive and cause power outages and property damage, reduce revenue, affect fuel supply, and require NextEra Energy and FPL to incur additional costs to restore service and repair damaged facilities. As a company that provides electric service throughout most of the east and lower west coasts of Florida, FPL operates in an area that historically has been more prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado, or other severe weather event, or otherwise, could prevent NextEra Energy and FPL from operating their businesses in the normal course and could result in any of the adverse consequences described above. At FPL and other regulated businesses of NextEra Energy, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred would result in a negative financial impact on NextEra Energy and FPL.

*Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NextEra Energy's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely affect the results of operations and financial condition of NextEra Energy and FPL and exert downward pressure on the market price of NextEra Energy's common stock.*

- NextEra Energy and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets, such as conditions that have existed in the recent past, could increase NextEra Energy's and FPL's cost of capital. If NextEra Energy or FPL is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of capital, which, in turn, could adversely affect its ability to grow its businesses and could contribute to lower earnings and reduced financial flexibility. The market price and trading volume of NextEra Energy's common stock are subject to fluctuations as a result of, among other factors, general stock market conditions and changes in market sentiment regarding the operations, business, growth prospects and financing strategies of NextEra Energy and its subsidiaries.
- Although NextEra Energy's competitive energy subsidiaries have used non-recourse or limited-recourse, project-specific financing in the past, market conditions and other factors could adversely affect the future availability of such financing. The inability of NextEra Energy's subsidiaries to access the capital and credit markets to provide project-specific financing for electric-generating and other energy facilities on favorable terms, whether because of disruptions or volatility in those markets or otherwise, could necessitate additional capital raising or borrowings by NextEra Energy and/or Capital Holdings in the future.
- The inability of subsidiaries that have existing project-specific financing arrangements to meet the requirements of various agreements relating to those financings could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral, any of which actions could negatively affect NextEra Energy's financial results, as well as the availability or terms of future financings for NextEra Energy or its subsidiaries.

*NextEra Energy's, Capital Holdings' and FPL's inability to maintain their current credit ratings may adversely affect NextEra Energy's and FPL's liquidity, limit the ability of NextEra Energy and FPL to grow their businesses, and increase interest costs, while the liquidity of the companies also could be impaired by the inability of their credit providers to maintain their current credit ratings or to fund their credit commitments.*

- The inability of NextEra Energy, Capital Holdings and FPL to maintain their current credit ratings could adversely affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact NextEra Energy's and FPL's ability to grow their businesses and service indebtedness and repay borrowings, and would likely increase their interest costs. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory actions. There can be no assurance that one or more of the ratings of NextEra Energy, Capital Holdings and FPL will not be lowered or withdrawn entirely by a rating agency.
- The inability of NextEra Energy's, Capital Holdings' and FPL's credit providers to maintain credit ratings acceptable under various agreements, or to fund their credit commitments, could require NextEra Energy, Capital Holdings or FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral.

*The use of derivative contracts by NextEra Energy and FPL in the normal course of business could result in financial losses or the payment of margin cash collateral that could adversely affect their financial results and liquidity.*

- NextEra Energy and FPL use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the over-the-counter (OTC) markets or on exchanges, to manage their commodity and financial market risks, and for NextEra Energy to engage in trading and marketing activities. NextEra Energy could recognize financial losses as a result of volatility in the market values of these derivative instruments or if a counterparty fails to perform or make payments under these derivative instruments. NextEra Energy also could suffer a reduction in operating cash flows as a result of the requirement to post margin cash collateral. 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. Although NextEra Energy and FPL execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on the most favorable credit and market execution factors, there is greater volatility and less liquidity in transactions executed in OTC markets and, as a result, NextEra Energy and FPL may not be able to execute such transactions in times of market volatility. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.
- NextEra Energy provides full energy and capacity requirement services, which include, for example, load-following services and various ancillary services, primarily to distribution utilities to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after NextEra Energy has committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. If the supply costs are not favorable, NextEra Energy's operating costs could increase and adversely affect its results of operations.
- NextEra Energy is an active participant in energy markets. The liquidity of regional energy markets is an important factor in the company's ability to manage risks in these operations. Over the past several years, other market participants have ceased or significantly reduced their activities in energy markets as a result of several factors, including, but not limited to, government investigations, changes in market design, and deteriorating credit quality. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit, and other factors. As a result, reductions in liquidity may restrict the ability of NextEra Energy to manage its risks, and this could negatively affect NextEra Energy's financial results.
- NextEra Energy and FPL have hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms, that may not work as planned. Risk management tools and metrics such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines are based on historical price movements. If price movements significantly or persistently deviate from historical behavior, the risk management tools may not protect against significant losses. As a result of these and other factors, NextEra Energy and FPL cannot predict with precision the impact that risk management decisions may have on their financial results and liquidity.

*NextEra Energy's and FPL's financial results and liquidity could be materially adversely affected if the rules implementing the Dodd-Frank Act broaden the scope of its provisions regarding the regulation of OTC financial derivatives and make them applicable to NextEra Energy and FPL.*

- The Dodd-Frank Act was enacted into law in July 2010 which, among other things, provides for the regulation of the OTC derivatives market. While the legislation is broad and detailed, substantial portions of the legislation require implementing rules to be adopted by federal governmental agencies including, but not limited to, the SEC and the U.S. Commodity Futures Trading Commission (CFTC). NextEra Energy and FPL cannot predict the final rules that will be adopted to implement the OTC derivatives market provisions of the Dodd-Frank Act. Those rules could negatively affect NextEra Energy's and FPL's ability to hedge their commodity and interest rate risks, which could have a material adverse effect on NextEra Energy's and FPL's financial results. The rules also could require NextEra Energy Resources to restructure part of its energy marketing and trading operations or to discontinue certain portions of its business. In addition, if the rules require NextEra Energy and FPL to post cash collateral with respect to swap transactions, NextEra Energy's and FPL's liquidity could be materially adversely affected, and their ability to enter into OTC derivatives to hedge commodity and interest rate risks could be significantly limited. Reporting and compliance requirements of the rules also could significantly increase operating costs and expose NextEra Energy and FPL to penalties for non-compliance.

*NextEra Energy's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.*

- NextEra Energy 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. In addition, NextEra Energy may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

*NextEra Energy may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NextEra Energy or if NextEra Energy is required to perform under guarantees of obligations of its subsidiaries.*

- NextEra Energy is a holding company and, as such, has no material operations of its own. Substantially all of NextEra Energy's consolidated assets are held by subsidiaries. NextEra Energy's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on the subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NextEra Energy. The subsidiaries have financial obligations, including, but not limited to, payment of debt service, which they must satisfy before they can fund NextEra Energy. NextEra Energy's subsidiaries are separate legal entities and have no obligation to provide NextEra Energy with funds for its payment obligations. In addition, the dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements and which may be included in future financing agreements. The future enactment of laws or regulations also may prohibit or restrict the ability of NextEra Energy's subsidiaries to pay upstream dividends or to repay funds. NextEra Energy guarantees many of the obligations of its consolidated subsidiaries, other than FPL, through guarantee agreements with Capital Holdings. These guarantees may require NextEra Energy to provide substantial funds to its subsidiaries or their creditors or counterparties at a time when NextEra Energy is in need of liquidity to fund its own obligations or to pay dividends. In addition, in the event of a subsidiary's liquidation or reorganization, NextEra Energy's right to participate in a distribution of assets is subject to the prior claims of the subsidiary's creditors.

*Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could adversely affect NextEra Energy's and FPL's financial results, financial condition and liquidity.*

- NextEra Energy's and FPL's provision for income taxes and reporting of tax-related assets and liabilities requires significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, financial condition and results of operations of NextEra Energy and its subsidiaries, including, but not limited to, FPL, as well as the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities which could negatively affect NextEra Energy's and FPL's financial results, financial condition and liquidity.

*NextEra Energy's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the financial results of the retail business.*

- NextEra Energy's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. NextEra Energy's and FPL's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NextEra Energy and FPL could be adversely affected, customer confidence could be diminished, customer information could be used for identity theft purposes, NextEra Energy and FPL would be subject to costs associated with the breach and/or NextEra Energy and FPL could be subject to fines and legal claims, any of which may have a negative impact on the businesses and/or NextEra Energy's and FPL's financial results.

*A failure in NextEra Energy's and FPL's operational systems or infrastructure, or those of third parties, could impair their liquidity, disrupt their businesses, result in the disclosure of confidential information and adversely affect their financial results.*

- NextEra Energy's and FPL's businesses are highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, and cross numerous and diverse markets. Due to the size, scope and geographical reach of NextEra Energy's and FPL's businesses, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of NextEra Energy's and FPL's operational systems and infrastructure is challenging. NextEra Energy's and FPL's operating systems and facilities may fail to operate properly or become disabled as a result of events that are either within, or wholly or partially outside, their control, such as operator error, severe weather or terrorist activities. Any such failure or disabling event could adversely affect NextEra Energy's and FPL's ability to process transactions and provide services, and their financial results and liquidity.

- NextEra Energy and FPL add, modify and replace information systems on a regular basis. Modifying existing information systems or implementing new or replacement information systems is costly and involves risks, including, but not limited to, integrating the modified, new or replacement system with existing systems and processes, implementing associated changes in accounting procedures and controls, and ensuring that data conversion is accurate and consistent. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the companies' control environment, and/or the companies' ability to timely file required regulatory reports.
- NextEra Energy and FPL also face the risks of operational failure, termination, or capacity constraints of third parties, including, but not limited to, those who provide power transmission and natural gas transportation services.

*Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NextEra Energy's and FPL's businesses, or the businesses of third parties, may impact the operations of NextEra Energy and FPL in unpredictable ways and could adversely affect NextEra Energy's and FPL's financial results and liquidity.*

- NextEra Energy and FPL are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. NextEra Energy's and FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems and physical assets, could be direct targets of, or indirectly affected by, such activities. Terrorist acts or other similar events could harm NextEra Energy's and FPL's businesses by limiting their ability to generate, purchase or transmit power and by delaying their development and construction of new generating facilities and capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues and significant additional costs to repair and insure NextEra Energy's and FPL's assets, and could adversely affect NextEra Energy's and FPL's operations by contributing to disruption of supplies and markets for natural gas, oil and other fuels. They could also impair NextEra Energy's and FPL's ability to raise capital by contributing to financial instability and lower economic activity.
- NextEra Energy and FPL operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. Despite NextEra Energy's and FPL's implementation of security measures, all of their technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If NextEra Energy's or FPL's technology systems were to fail or be breached and be unable to recover in a timely way, NextEra Energy and FPL would be unable to fulfill critical business functions, and sensitive confidential and other data could be compromised, which could have a material adverse effect on NextEra Energy's and FPL's financial results.
- The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect NextEra Energy's and FPL's financial results. In addition, these types of events could require significant management attention and resources, and could adversely affect NextEra Energy's and FPL's reputation among customers and the public.
- A disruption of the regional electric transmission grid, natural gas pipeline infrastructure or other fuel sources, could negatively impact NextEra Energy's and FPL's businesses. Because generation, transmission systems and natural gas pipelines are part of an interconnected system, NextEra Energy and FPL face the risk of possible loss of business due to a disruption caused by the impact of an event on the interconnected system (such as severe weather or a generator or transmission facility outage, pipeline rupture, or a sudden and significant increase or decrease in wind generation) within NextEra Energy's and FPL's systems or within a neighboring system. Any such disruption could have a material adverse effect on NextEra Energy's and FPL's financial results.

*The ability of NextEra Energy and FPL to obtain insurance and the terms of any available insurance coverage could be adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NextEra Energy's and FPL's insurance coverage may not provide protection against all significant losses.*

- The ability of NextEra Energy and FPL to obtain insurance, as well as the cost and coverage of such insurance, could be affected by developments affecting their businesses, as well as by international, national, state or local events, as well as the financial condition of insurers. Insurance coverage may not continue to be available at all or at rates or on terms similar to those presently available to NextEra Energy and FPL. A loss for which NextEra Energy and FPL are not fully insured could materially and adversely affect their financial results. NextEra Energy's and FPL's insurance may not be sufficient or effective under all circumstances and against all hazards or liabilities to which the companies may be subject.

*The businesses and financial results of NextEra Energy and FPL could be negatively affected by the lack of a qualified workforce, work strikes or stoppages and increasing personnel costs.*

- NextEra Energy and FPL may not be able effectively and profitably to obtain new customers, or grow their customer base, service existing customers and meet their other business plan goals if they do not attract and retain a qualified workforce. The lack of a qualified workforce, including, for example, the loss or retirement of key executives and other employees, may adversely affect service and productivity and contribute to higher training and safety costs. Over the next several years, a significant portion of NextEra Energy's and FPL's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. Personnel costs also may increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. Employee strikes or work stoppages could disrupt operations and lead to a loss of customers and revenue.

*Poor market performance and other economic factors could affect NextEra Energy's and FPL's nuclear decommissioning funds' asset value or defined benefit pension plan's funded status, which may adversely affect NextEra Energy's and FPL's liquidity and financial results.*

- NextEra Energy and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. In addition, NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries. A decline in the market value of the assets held in the decommissioning funds or in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for these obligations. Moreover, NextEra Energy's and FPL's defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have an adverse effect on NextEra Energy's and FPL's liquidity and financial results.

*Increasing costs associated with health care plans may adversely affect NextEra Energy's and FPL's financial results.*

- The costs of providing health care benefits to employees and retirees have increased substantially in recent years. NextEra Energy and FPL believe that their employee benefit costs, including, but not limited to, costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with NextEra Energy's and FPL's health care plans may adversely affect the companies' financial results.

The factors described above, as well as other information set forth in this report, which could materially adversely affect NextEra Energy's and FPL's businesses, financial condition, future financial results and/or liquidity should be carefully considered. The risks described above are not the only risks facing NextEra Energy and FPL. Additional risks and uncertainties also may materially adversely affect NextEra Energy's or FPL's business, financial condition, future financial results and/or liquidity.

#### **Item 1B. Unresolved Staff Comments**

None

## Item 2. Properties

NextEra Energy and its subsidiaries maintain properties which are adequate for their operations. At December 31, 2010, the electric generating, transmission, distribution and general facilities of FPL represented approximately 47%, 12%, 37% and 4%, respectively, of FPL's gross investment in electric utility plant in service.

**Generating Facilities.** At December 31, 2010, NextEra Energy had the following generating facilities:

FPL Facilities	Location	No. of Units	Fuel	Net Capability (mw) <sup>(a)</sup>
<b>Nuclear</b>				
St. Lucie	Hutchinson Island, FL	2	Nuclear	1,553 <sup>(b)</sup>
Turkey Point	Florida City, FL	2	Nuclear	1,386
<b>Combined-cycle</b>				
Fort Myers	Fort Myers, FL	1	Gas	1,432
Lauderdale	Dania, FL	2	Gas/Oil	884
Manatee	Parrish, FL	1	Gas	1,111
Martin	Indiantown, FL	1	Gas/Oil/Solar Thermal	1,105 <sup>(c)</sup>
Martin	Indiantown, FL	2	Gas	938
Putnam	Palatka, FL	2	Gas/Oil	498
Sanford	Lake Monroe, FL	2	Gas	1,912
Turkey Point	Florida City, FL	1	Gas/Oil	1,148
West County	West Palm Beach, FL	2	Gas/Oil	2,438
<b>Steam turbines</b>				
Cutler	Miami, FL	2	Gas	205
Manatee	Parrish, FL	2	Oil/Gas	1,624
Martin	Indiantown, FL	2	Oil/Gas	1,652
Port Everglades	Port Everglades, FL	4	Oil/Gas	1,187
Riviera	Riviera Beach, FL	2	Oil/Gas	565 <sup>(d)</sup>
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	254 <sup>(e)</sup>
Sanford	Lake Monroe, FL	1	Oil/Gas	138
Scherer	Monroe County, GA	1	Coal	646 <sup>(f)</sup>
Turkey Point	Florida City, FL	2	Oil/Gas	788
<b>Simple-cycle combustion turbines</b>				
Fort Myers	Fort Myers, FL	2	Gas/Oil	315
<b>Gas turbines</b>				
Fort Myers	Fort Myers, FL	12	Oil	648
Lauderdale	Dania, FL	24	Oil/Gas	840
Port Everglades	Port Everglades, FL	12	Oil/Gas	420
<b>Solar PV</b>				
DeSoto	Arcadia, FL	1	Solar PV	25
Space Coast	Cocoa, FL	1	Solar PV	10
<b>TOTAL</b>				<u>23,722<sup>(g)</sup></u>

(a) Represents FPL's net ownership interest in plant capacity.

(b) Excludes Orlando Utilities Commission's and the Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

(c) The megawatts generated by the 75 mw solar thermal facility replace steam produced by this unit and therefore are not incremental.

(d) In January 2011, these units were removed from service. See Item 1 - FPL Operations - Fossil Operations for a discussion of plant modernizations.

(e) Represents FPL's 20% ownership interest in each of SJRPP Units Nos. 1 and 2, which are jointly owned with JEA.

(f) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with JEA.

(g) Substantially all of FPL's properties are subject to the lien of FPL's mortgage.

NextEra Energy Resources Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (mw) <sup>(a)</sup>
<b>Wind</b>					
Ashtabula Wind <sup>(b)</sup>	Barnes County, ND	Midwest	99	Wind	148
Ashtabula Wind II <sup>(c)</sup>	Griggs & Steele Counties, ND	Midwest	80	Wind	120
Ashtabula Wind III	Barnes County, ND	Midwest	39	Wind	62
Baldwin Wind	Burleigh County, ND	Midwest	64	Wind	102
Butler Ridge Wind <sup>(b)</sup>	Dodge County, WI	Midwest	36	Wind	54
Cabazon <sup>(b)</sup>	Riverside County, CA	West	53	Wind	40
Callahan Divide <sup>(b)</sup>	Taylor County, TX	ERCOT	76	Wind	114
Capricorn Ridge	Sterling & Coke Counties, TX	ERCOT	208	Wind	364
Capricorn Ridge Expansion	Sterling & Coke Counties, TX	ERCOT	199	Wind	298
Cerro Gordo <sup>(b)</sup>	Cerro Gordo County, IA	Midwest	55	Wind	41
Crystal Lake I <sup>(b)(c)</sup>	Hancock County, IA	Midwest	100	Wind	150
Crystal Lake II	Winnebago County, IA	Midwest	80	Wind	200
Crystal Lake III	Winnebago County, IA	Midwest	44	Wind	66
Day County Wind <sup>(b)</sup>	Day County, SD	Midwest	66	Wind	99
Delaware Mountain	Culberson County, TX	ERCOT	38	Wind	28
Diablo Wind <sup>(b)</sup>	Alameda County, CA	West	31	Wind	21
Elk City Wind <sup>(b)</sup>	Roger Mills & Beckham Counties, OK	Other South	43	Wind	99
Elk City Wind II	Roger Mills & Beckham Counties, OK	Other South	66	Wind	101
Endeavor Wind	Osceola County, IA	Midwest	40	Wind	100
Endeavor Wind II	Osceola County, IA	Midwest	20	Wind	50
Ghost Pine Wind	Trochu, Alberta, Canada	West	51	Wind	82
Gray County	Gray County, KS	Other South	170	Wind	112
Green Mountain <sup>(b)</sup>	Somerset County, PA	Northeast	8	Wind	10
Green Power	Riverside County, CA	West	22	Wind	17
Green Ridge Power	Alameda & Contra Costa Counties, CA	West	1,463	Wind	159
Hancock County <sup>(b)</sup>	Hancock County, IA	Midwest	148	Wind	98
High Winds <sup>(b)</sup>	Solano County, CA	West	90	Wind	162
Horse Hollow Wind <sup>(b)</sup>	Taylor County, TX	ERCOT	142	Wind	213
Horse Hollow Wind II <sup>(b)</sup>	Taylor & Nolan Counties, TX	ERCOT	130	Wind	299
Horse Hollow Wind III <sup>(b)</sup>	Nolan County, TX	ERCOT	149	Wind	224
Indian Mesa	Pecos County, TX	ERCOT	125	Wind	83
King Mountain <sup>(b)</sup>	Upton County, TX	ERCOT	214	Wind	278
Lake Benton II <sup>(b)</sup>	Pipestone County, MN	Midwest	137	Wind	103
Langdon Wind <sup>(b)(c)</sup>	Cavalier County, ND	Midwest	79	Wind	118
Langdon Wind II <sup>(b)(c)</sup>	Cavalier County, ND	Midwest	27	Wind	41
Lee / DeKalb Wind	Lee & DeKalb Counties, IL	Midwest	145	Wind	217
Logan Wind <sup>(c)</sup>	Logan County, CO	West	134	Wind	201
Majestic Wind <sup>(b)</sup>	Carson County, TX	ERCOT	53	Wind	80
Meyersdale <sup>(b)</sup>	Somerset County, PA	Northeast	20	Wind	30
Mill Run <sup>(b)</sup>	Fayette County, PA	Northeast	10	Wind	15
Minco Wind	Grady County, OK	Other South	62	Wind	99
Montezuma Wind	Solano County, CA	West	16	Wind	37
Montfort <sup>(b)</sup>	Iowa County, WI	Midwest	20	Wind	30
Mount Copper <sup>(b)</sup>	Murdochville, Quebec, Canada	Midwest	30	Wind	54
Mount Miller <sup>(b)</sup>	Murdochville, Quebec, Canada	Midwest	30	Wind	54
Mountaineer <sup>(b)</sup>	Preston & Tucker Counties, WV	Northeast	44	Wind	66
Mower County Wind <sup>(c)</sup>	Mower County, MN	Midwest	43	Wind	99
New Mexico Wind <sup>(b)</sup>	Quay & DeBaca Counties, NM	West	136	Wind	204
North Dakota Wind <sup>(b)</sup>	LaMoure County, ND	Midwest	41	Wind	62
Northern Colorado <sup>(b)</sup>	Logan County, CO	West	81	Wind	174
Oklahoma / Sooner Wind <sup>(b)</sup>	Harper & Woodward Counties, OK	Other South	68	Wind	102
Oliver County Wind I <sup>(c)</sup>	Oliver County, ND	Midwest	22	Wind	51
Oliver County Wind II <sup>(c)</sup>	Oliver County, ND	Midwest	32	Wind	48
Peetz Table Wind <sup>(c)</sup>	Logan County, CO	West	133	Wind	199
Pubnico Point <sup>(b)</sup>	Yarmouth, Nova Scotia, Canada	Midwest	17	Wind	31
Red Canyon Wind Energy <sup>(b)</sup>	Borden, Garza & Scurry Counties, TX	ERCOT	56	Wind	84
Red Mesa Wind	Cibola County, NM	West	64	Wind	102
Sky River <sup>(b)</sup>	Kern County, CA	West	342	Wind	77
Somerset Wind Power <sup>(b)</sup>	Somerset County, PA	Northeast	6	Wind	9
South Dakota Wind <sup>(b)</sup>	Hyde County, SD	Midwest	27	Wind	41
Southwest Mesa <sup>(b)</sup>	Upton & Crockett Counties, TX	ERCOT	106	Wind	74
Stateline <sup>(b)</sup>	Umatilla County, OR and Walla Walla County, WA	West	454	Wind	300
Story County Wind <sup>(b)</sup>	Story County, IA	Midwest	100	Wind	150
Story County Wind II <sup>(b)</sup>	Story & Hardin Counties, IA	Midwest	100	Wind	150
Vansycle <sup>(b)</sup>	Umatilla County, OR	West	38	Wind	25
Vansycle II	Umatilla County, OR	West	43	Wind	99
Victory Garden <sup>(b)</sup>	Kern County, CA	West	96	Wind	22
Waymart <sup>(b)</sup>	Wayne County, PA	Northeast	43	Wind	65
Weatherford Wind <sup>(b)</sup>	Custer & Washita Counties, OK	Other South	98	Wind	147

NextEra Energy Resources Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (mw) <sup>(a)</sup>
Wessington Springs Wind <sup>(b)</sup>	Jerauld County, SD	Midwest	34	Wind	51
Wilton Wind <sup>(b)</sup>	Burleigh County, ND	Midwest	33	Wind	49
Wilton Wind II <sup>(c)</sup>	Burleigh County, ND	Midwest	33	Wind	50
Windpower Partners 1991-92	Alameda & Contra Costa Counties, CA	West	279	Wind	28
Windpower Partners 1992	Alameda & Contra Costa Counties, CA	West	300	Wind	30
Windpower Partners 1993	Riverside County, CA	West	115	Wind	41
Windpower Partners 1993	Lincoln County, MN	Midwest	73	Wind	26
Windpower Partners 1994	Culberson County, TX	ERCOT	107	Wind	39
Wolf Ridge Wind	Cooke County, TX	ERCOT	75	Wind	112
Woodward Mountain	Upton & Pecos Counties, TX	ERCOT	242	Wind	160
Wyoming Wind <sup>(b)</sup>	Uinta County, WY	West	80	Wind	144
Investments in joint ventures <sup>(d)</sup>	Various	West	1,031	Wind	114
Total Wind					<u>8,298</u>
Contracted					
Bayswater <sup>(b)</sup>	Far Rockaway, NY	Northeast	2	Gas	56
Blythe Energy <sup>(b)</sup>	Blythe, CA	West	3	Gas	507
Calhoun <sup>(b)</sup>	Eastaboga, AL	Other South	4	Gas/Oil	668
Cherokee <sup>(b)</sup>	Gaffney, SC	Other South	2	Gas	98
Doswell <sup>(b)</sup>	Ashland, VA	Northeast	6	Gas/Oil	708
Duane Arnold	Palo, IA	Midwest	1	Nuclear	431 <sup>(e)</sup>
Jamaica Bay <sup>(b)</sup>	Far Rockaway, NY	Northeast	2	Gas/Oil	54
Marcus Hook 750 <sup>(b)</sup>	Marcus Hook, PA	Northeast	4	Gas	744
Point Beach	Two Rivers, WI	Midwest	2	Nuclear	1,023
Investments in joint ventures:					
SEGS III-IX <sup>(b)</sup>	Kramer Junction & Harper Lake, CA	West	7	Solar	148
Other	Various	Northeast	7	<sup>(f)</sup>	303
Total Contracted					<u>4,740</u>
Merchant					
Doswell - Expansion <sup>(b)</sup>	Ashland, VA	Northeast	1	Gas/Oil	171
Forney	Forney, TX	ERCOT	8	Gas	1,792
Lamar Power Partners	Paris, TX	ERCOT	6	Gas	1,000
Maine - Cape, Wyman	Various - ME	Northeast	6	Oil	796 <sup>(g)</sup>
Maine <sup>(b)</sup>	Various - ME	Northeast	81	Hydro	359
Marcus Hook 50	Marcus Hook, PA	Northeast	1	Gas	50
Paradise Solar	West Deptford, NJ	Northeast	1	Solar PV	5
RISEP	Johnston, RI	Northeast	3	Gas	550
Seabrook	Seabrook, NH	Northeast	1	Nuclear	1,100 <sup>(h)</sup>
Investment in joint venture	Frackville, PA	Northeast	1	Waste coal	5
Total Merchant					<u>5,828</u>
TOTAL					<u>18,866</u>

(a) Represents NextEra Energy Resources' net ownership interest in plant capacity.

(b) These generating facilities are encumbered by liens against their assets securing various financings.

(c) NextEra Energy Resources owns these wind facilities together with third-party investors with differential membership interests. See Note 1 - Sale of Differential Membership Interests.

(d) Represents plants with no more than 50% ownership using wind technology. Certain facilities, totaling 57 mw, are encumbered by liens against their assets securing a financing.

(e) Excludes Central Iowa Power Cooperative and Combelt Power Cooperative's combined share of 30%.

(f) Represents plants with no more than 50% ownership using fuels and technologies such as natural gas and waste coal.

(g) Excludes six other energy-related partners' combined share of 16%.

(h) 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, 2010, FPL owned and operated 587 substations and the following electric transmission and distribution lines:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cables Miles
500kv	1,106 <sup>(a)</sup>	-
230kv	3,036	25
138kv	1,577	53
115kv	745	1
69kv	165	14
Less than 69 kv	<u>42,312</u>	<u>25,045</u>
Total	<u>48,941</u>	<u>25,138</u>

(a) Includes approximately 79 miles owned jointly with JEA.

**Character of Ownership.** Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. The majority of NextEra Energy Resources' generating facilities are owned by NextEra Energy Resources subsidiaries and a number of those facilities are encumbered by liens securing various financings. Additionally, the majority of NextEra Energy Resources' generating facilities 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

NextEra Energy and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal proceedings that could have a material effect on NextEra Energy or FPL, see Note 14 - Legal Proceedings. Such descriptions are incorporated herein by reference.

## 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 NextEra Energy. NextEra Energy's common stock is traded on the New York Stock Exchange under the symbol "NEE." The high and low sales prices for the common stock of NextEra Energy as reported in the consolidated transaction reporting system of the New York Stock Exchange and the cash dividends per share declared for each quarter during the past two years are as follows:

Quarter	2010			2009		
	High	Low	Cash Dividends	High	Low	Cash Dividends
First	\$ 53.75	\$ 45.29	\$ 0.50	\$ 53.99	\$ 41.48	\$ 0.4725
Second	\$ 53.50	\$ 47.96	\$ 0.50	\$ 59.00	\$ 49.70	\$ 0.4725
Third	\$ 55.98	\$ 48.44	\$ 0.50	\$ 60.61	\$ 53.13	\$ 0.4725
Fourth	\$ 56.26	\$ 50.00	\$ 0.50	\$ 56.57	\$ 48.55	\$ 0.4725

The amount and timing of dividends payable on NextEra Energy's common stock are within the sole discretion of NextEra Energy'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 NextEra Energy'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 of Directors deems relevant. The ability of NextEra Energy 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 NextEra Energy. In February 2011, NextEra Energy announced that it would increase its quarterly dividend on its common stock from \$0.50 to \$0.55 per share. See Management's Discussion - Liquidity and Capital Resources - Covenants with respect to dividend restrictions and Note 11 - Common Stock Dividend Restrictions regarding dividends paid by FPL to NextEra Energy.

As of the close of business on January 31, 2011, there were 26,577 holders of record of NextEra Energy's common stock.

**Issuer Purchases of Equity Securities.** Information regarding purchases made by NextEra Energy of its common stock is as follows:

Period	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program <sup>(b)</sup>
10/1/10 - 10/31/10	322	\$ 55.51	-	20,000,000
11/1/10 - 11/30/10	12,250	\$ 53.57	-	20,000,000
12/1/10 - 12/31/10	2,552	\$ 51.93	-	20,000,000
Total	15,124	\$ 53.33	-	

(a) Includes: (1) in each of October 2010, November 2010 and December 2010, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (LTIP); and (2) in December 2010, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NextEra Energy's obligation under a February 2006 grant under the LTIP of deferred retirement share awards to an executive officer.

(b) In February 2005, NextEra Energy'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 6. Selected Financial Data

	Years Ended December 31,				
	2010	2009	2008	2007	2006
<b>SELECTED DATA OF NEXTERA ENERGY (millions, except per share amounts):</b>					
Operating revenues	\$ 15,317	\$ 15,843	\$ 16,410	\$ 15,263	\$ 15,710
Net income	\$ 1,957 <sup>(a)</sup>	\$ 1,615 <sup>(a)</sup>	\$ 1,639 <sup>(a)</sup>	\$ 1,312 <sup>(a)</sup>	\$ 1,281 <sup>(b)</sup>
Earnings per share of common stock - basic	\$ 4.77 <sup>(a)</sup>	\$ 3.99 <sup>(a)</sup>	\$ 4.10 <sup>(a)</sup>	\$ 3.30 <sup>(a)</sup>	\$ 3.25 <sup>(b)</sup>
Earnings per share of common stock - assuming dilution	\$ 4.74 <sup>(a)</sup>	\$ 3.97 <sup>(a)</sup>	\$ 4.07 <sup>(a)</sup>	\$ 3.27 <sup>(a)</sup>	\$ 3.23 <sup>(b)</sup>
Dividends paid per share of common stock	\$ 2.00	\$ 1.89	\$ 1.78	\$ 1.64	\$ 1.50
Total assets	\$ 52,994	\$ 48,458	\$ 44,821	\$ 40,123	\$ 35,822
Long-term debt, excluding current maturities	\$ 18,013	\$ 16,300	\$ 13,833	\$ 11,280	\$ 9,591
<b>SELECTED DATA OF FPL (millions):</b>					
Operating revenues	\$ 10,485	\$ 11,491	\$ 11,649	\$ 11,622	\$ 11,988
Net income	\$ 945	\$ 831	\$ 789	\$ 836	\$ 802
Total assets	\$ 28,698	\$ 26,812	\$ 26,175	\$ 24,044	\$ 22,970
Long-term debt, excluding current maturities	\$ 6,682	\$ 5,794	\$ 5,311	\$ 4,976	\$ 4,214
Energy sales (kwh)	107,978	105,414	105,406	108,636	107,513
Energy sales:					
Residential	52.2%	51.2%	50.5%	50.8%	50.8%
Commercial	41.3	42.7	43.2	42.3	41.4
Industrial	2.9	3.1	3.4	3.5	3.8
Interchange power sales	0.8	1.4	1.6	1.8	2.1
Other <sup>(c)</sup>	2.8	1.6	1.3	1.6	1.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (mw): <sup>(d)</sup>					
Summer season	22,256	22,351	21,060	21,962	21,819
Winter season	21,153	24,346	20,031	18,055	17,260
Average number of customer accounts (thousands):					
Residential	4,004	3,984	3,992	3,981	3,906
Commercial	504	501	501	493	479
Industrial	9	10	13	19	21
Other	3	4	4	4	4
Total	4,520	4,499	4,510	4,497	4,410
Average price billed to customers (cents per kwh)	9.34	11.19	10.96	10.63	11.14

(a) Includes net unrealized mark-to-market gains or losses associated with non-qualifying hedges and other than temporary impairment losses.

(b) Includes expenses related to a terminated merger, net unrealized mark-to-market gains associated with non-qualifying hedges, impairment charges and an Indonesian project gain.

(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 (for 2010, through February 24, 2011).

## 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

NextEra Energy is one of the nation's largest providers of electricity-related services. It has two principal operating subsidiaries, FPL and NextEra Energy Resources. FPL, a rate-regulated utility, serves more than 8.7 million people throughout most of the east and lower west coasts of Florida. NextEra Energy Resources, NextEra Energy's competitive energy subsidiary, produces electricity primarily using wind, natural gas and nuclear resources. Together, FPL's and NextEra Energy Resources' generating assets represented approximately 42,600 mw of capacity at December 31, 2010. See Item 2 - Generating Facilities. Corporate and Other, discussed below, includes FPL FiberNet, which provides fiber-optic services to FPL, telecommunications companies and other customers throughout Florida, and Lone Star, a rate-regulated utility in Texas.

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. Effective March 1, 2010, pursuant to the FPSC rate order, new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately \$75 million on an annualized basis. The FPSC rate order also established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. In addition, the FPSC rate order directed FPL to reduce depreciation expense (surplus depreciation credit) over the 2010 to 2013 period related to a depreciation reserve surplus of approximately \$895 million. Subsequently, the principal parties in FPL's 2009 rate case signed the 2010 rate agreement and, on February 1, 2011, the FPSC issued a final order reflecting its decision to approve the 2010 rate agreement. Key elements of the 2010 rate agreement, which will be effective through December 31, 2012, are as follows:

- Subject to the provisions of the 2010 rate agreement, retail base rates will be effectively frozen through the end of 2012.
- Incremental cost recovery through FPL's capacity clause for WCEC Unit No. 3, which is expected to be placed in service by mid-2011, will be permitted up to the amount of the projected fuel savings for customers during the term of the 2010 rate agreement. See Item 1 - FPL Operations - Fossil Operations.
- Future storm restoration costs would be recoverable on an accelerated basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than \$4 for every 1,000 kwh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge for the amount above \$800 million.
- If FPL's earned regulatory ROE falls below 9%, FPL may seek retail base rate relief. If FPL's earned regulatory ROE rises above 11%, any party to the 2010 rate agreement may seek a reduction in FPL's retail base rates. In determining the regulatory ROE for all purposes under the 2010 rate agreement, earnings will be calculated on an actual, non-weather-adjusted basis.
- FPL can vary the amount of surplus depreciation credit taken in any calendar year up to a cap in 2010 of \$267 million, a cap in subsequent years of \$267 million plus the amount of any unused portion from prior years, and a cap of \$776 million (surplus depreciation credit cap) over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement, including 2010, FPL must use at least enough surplus depreciation credit to maintain a 9% earned regulatory ROE but may not use any amount of surplus depreciation credit that would result in an earned regulatory ROE in excess of 11%. As of December 31, 2010, approximately \$772 million of the surplus depreciation credit cap remains.

NextEra Energy's and FPL's financial statements in Item 8 reflect the effects of the FPSC rate order and the 2010 rate agreement.

Under the terms of the 2005 rate agreement, which was in effect from January 1, 2006 through February 28, 2010, retail base rates did not increase except to allow recovery of the revenue requirements of FPL's three power plants that achieved commercial operation during the term of the 2005 rate agreement: Turkey Point Unit No. 5 in 2007 and WCEC Units Nos. 1 and 2 in 2009. Under the terms of the 2005 rate agreement, FPL's electric property depreciation rates were based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL reduced depreciation on its plant in service by \$125 million each year as allowed by the 2005 rate agreement. The 2005 rate agreement also provided for a revenue sharing mechanism, whereby revenues from retail base operations in excess of certain thresholds would be shared with customers. During the term of the 2005 rate agreement, FPL's revenues did not exceed the thresholds.

In 2010, FPL's retail customer growth was 0.5%, compared to a 0.2% decline in customers in 2009 and a 0.3% increase in 2008. Positive customer growth is projected to continue in 2011, although the rate of growth is projected to be below FPL's average rate of 1.6% over the last 10 years. Non-weather related usage per retail customer began to decline in the mid-2000s and this decline intensified in the 2007 to 2009 period. The rate of decline in non-weather related usage per retail customer moderated in 2010. Inactive accounts (accounts with installed meters without corresponding customer names) and low-usage customers (customers using less than 200 kwh per month) began to increase in 2007 and peaked in 2009. At December 31, 2010, inactive accounts were approximately 6.0% less than they had been at December 31, 2009 while the number of low-usage customers was 2.5% higher than they were at December 31, 2009. FPL believes that the economic slowdown and the downturn in the housing market that have affected the country and the state of Florida have contributed to the slowdown in customer growth and to the decline in non-weather related usage per retail customer. A portion of the decline in non-weather related usage per retail customer may also be related to federal and state mandated energy efficiency measures. The unemployment rate in Florida was 12.0% and 11.7% in December 2010 and 2009, respectively, and was as high as 12.3% in early 2010. FPL is unable to predict whether or when growth in customers and non-weather related customer usage might return to previous trends.

NextEra Energy Resources is in the competitive energy business with the majority of its operating revenues derived from wholesale electricity sales. NextEra Energy Resources' strategy is, among other things, to continue to maintain its leadership position in wind, accelerate growth in solar development, continue to expand its transmission capability, grow its customer supply and proprietary power and gas trading businesses, and develop its natural gas infrastructure business. NextEra Energy Resources' customer supply business includes full energy and capacity requirements services and the operations of a retail electricity provider. NextEra Energy Resources seeks to expand its generation portfolio primarily through wind and solar development and acquisitions where economic prospects are attractive. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation in 2010 to 2014, including 754 mw added in 2010 and approximately 700 mw to 1,000 mw in 2011. In addition to wind expansion, NextEra Energy Resources is considering several solar development opportunities in the United States and Europe, and plans to add approximately 400 mw to 600 mw of new solar generation in 2010 through 2014, including 5 mw added in 2010. The wind and solar expansions are subject to, among other things, continued public policy support, support for the construction and availability of sufficient transmission facilities and capacity, continued market demand, supply chain expansion and access to capital at reasonable cost and on reasonable terms. NextEra Energy Resources continues to invest in natural gas infrastructure opportunities. NextEra Energy Resources is evaluating additional natural gas infrastructure opportunities and will continue to explore additional projects as opportunities that it believes will be economically attractive become available.

NextEra Energy Resources' market is diversified by region as well as by fuel source. See Item 2 - Generating Facilities. NextEra Energy Resources sells a large percentage of its expected output to hedge against price volatility. Consequently, if NextEra Energy Resources' plants do not perform as expected, NextEra Energy Resources could be required to purchase power at potentially higher market prices to meet its contractual obligations. NextEra Energy Resources' energy marketing and trading business is focused primarily on managing commodity price risk and extracting maximum value from its assets.

The U.S. Congress, the EPA and certain states and regions continue to consider several legislative and regulatory proposals with respect to GHG emissions. The economic and operational impact of any legislation and/or regulation on NextEra Energy and FPL depends on a variety of factors, including, but not limited to, the allowed emissions, whether emission allowances will be allocated or auctioned, the cost to reduce emissions or buy allowances in the marketplace and the availability of offsets and mitigating factors to moderate the costs of compliance. If and until legislation is enacted and implementing regulations are adopted, the economic and operational impact (either positive or negative) on NextEra Energy and FPL cannot be determined, but could be material. In the case of FPL, increased costs associated with compliance with new environmental regulations are generally recoverable from customers, while the recovery of such increased costs for NextEra Energy Resources would depend on market prices for electricity. See Item 1 - Environmental Matters.

## Results of Operations

NextEra Energy and NextEra Energy Resources segregate into two categories unrealized mark-to-market gains and losses on energy derivative transactions which are used to manage commodity price risk. 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 and certain other transactions entered into as economic hedges but which do not qualify for hedge accounting, or hedge accounting was not elected, and the ineffective portion of transactions accounted for as cash flow hedges. In January 2010, NextEra Energy discontinued hedge accounting for its cash flow hedges related to energy contract derivative instruments, which could result in increased volatility in the non-qualifying hedge category. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. See Note 3.

NextEra Energy's management uses earnings excluding certain items (adjusted earnings) internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as an input in determining whether performance goals are met for performance-based compensation under NextEra Energy's employee incentive compensation plans. NextEra Energy also uses adjusted earnings when communicating its financial results and earnings outlook to investors. Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges and other than temporary impairment (OTTI) losses on securities held in NextEra Energy Resources' nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). NextEra Energy'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. Adjusted earnings do not represent a substitute for net income, as prepared in accordance with generally accepted accounting principles.

*Summary* - Presented below is a summary of net income by reportable segment (see Note 15). Beginning in 2010, NextEra Energy Resources' results reflect an allocation of interest expense from Capital Holdings to NextEra Energy Resources based on a deemed capital structure of 70% debt and allocated shared service costs. NextEra Energy's other reportable segment, FPL, a rate-regulated utility, was not affected by these changes. Prior year segment data of NextEra Energy Resources and Corporate and Other has been restated to include the effect of these changes. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries.

	Years Ended December 31,		
	2010	2009	2008
	(millions)		
FPL	\$ 945	\$ 831	\$ 789
NextEra Energy Resources	980	759	831
Corporate and Other	32	25	19
NextEra Energy Consolidated	<u>\$ 1,957</u>	<u>\$ 1,615</u>	<u>\$ 1,639</u>

The increase in FPL's 2010 results reflects higher retail customer usage of 1.7%, retail base rate increases resulting from the placement in service of WCEC Units Nos. 1 and 2 in 2009, the impact of the FPSC rate order and higher cost recovery clause results, partly offset by higher depreciation and amortization expense recovered through base rates, higher O&M, property tax and interest expenses and lower AFUDC - equity. The increase compared to the prior year period in retail customer usage reflects colder weather in the first quarter and warmer weather in the second and third quarters, and other factors, partly offset by lower usage in the fourth quarter. FPL's 2009 results reflects retail base rate increases resulting from the placement in service of WCEC Units Nos. 1 and 2, higher AFUDC - equity on the WCEC units, a 0.3% increase in usage per retail customer reflecting favorable weather conditions partly offset by other factors, and higher cost recovery clause results partly offset by higher O&M and depreciation and amortization expenses recovered through base rates.

NextEra Energy Resources' results for 2010 and 2009 were affected by net unrealized after-tax gains and losses from non-qualifying hedges, after-tax OTTI losses on securities held in its nuclear decommissioning funds and after-tax OTTI reversals. See table below for details of such gains, losses and reversals, all of which are included in NextEra Energy's and NextEra Energy Resources' net income.

	Years Ended December 31,		
	2010	2009	2008
	(millions)		
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity	\$ 176	\$ (20)	\$ 170
OTTI after-tax losses on securities held in nuclear decommissioning funds	\$ (9)	\$ (36)	\$ (82)
OTTI after-tax reversals	<u>\$ 13</u>	<u>\$ 23</u>	<u>\$ 6</u>

The change in unrealized mark-to-market activity from non-qualifying hedges 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 or losses as the underlying transactions were 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.

NextEra Energy Resources' results for 2010 also reflect higher earnings from the existing asset portfolio, earnings from new investments and higher gas infrastructure results. These results were partially offset by lower results from the customer supply and proprietary power and gas trading businesses, the absence of a tax benefit recorded in 2009 reflecting the reduction of previously deferred income taxes resulting from an additional equity investment in Canadian operations (foreign tax benefit), the absence of a tax benefit recorded in 2009 related to a change in state tax law that extended the carry forward period of ITCs on certain wind projects (state tax benefit), a writedown of the value of certain assets associated with plans to repower two California wind facilities and higher expenses to support the growth of the business. NextEra Energy Resources' 2009 results also reflect increased earnings from new investments and the customer supply and proprietary power and gas trading businesses, partly offset by lower earnings from the existing asset portfolio, reflecting the negative impacts of weather and higher expenses to support the growth in the business. See footnote (a) to the table under NextEra Energy Resources below for a description of projects included in new investments and the existing asset portfolio.

Results for Corporate and Other in 2010 reflect higher consolidating income tax benefits, including a one-time benefit of \$24 million related to deferred income taxes, and higher interest income, partly offset by higher interest expense. Results for Corporate and Other in 2009 reflect higher interest income and realized and unrealized gains on investments, partly offset by lower consolidating income tax adjustments and higher interest expense.

NextEra Energy's effective income tax rate for all periods presented reflects PTCs for wind projects at NextEra Energy Resources and, for 2010 and 2009, deferred tax benefits associated with grants (convertible ITCs) under the Recovery Act. PTCs and deferred tax benefits associated with convertible ITCs can significantly affect NextEra Energy's effective income tax rate depending on the amount of pretax income. PTCs can be significantly affected by wind generation. See Note 1 - Income Taxes and - Sale of Differential Membership Interests and Note 6.

FPL - FPL's net income for 2010, 2009 and 2008 was \$945 million, \$831 million and \$789 million, respectively, an increase in 2010 of \$114 million and an increase in 2009 of \$42 million. See Summary above for a discussion of the major drivers of these increases. See Overview for a discussion of FPSC rate matters.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2010	2009	2008
	(millions)		
Retail base	\$ 4,190	\$ 3,828	\$ 3,738
Fuel cost recovery	4,090	5,982	6,202
Net repayment of previously deferred retail fuel revenues	356	-	-
Net deferral of retail fuel revenues	-	(356)	-
Other cost recovery clauses and pass-through costs, net of any deferrals	1,638	1,840	1,505
Other, primarily pole attachment rentals, transmission and wholesale sales and customer-related fees	211	197	204
Total	<u>\$ 10,485</u>	<u>\$ 11,491</u>	<u>\$ 11,649</u>

For the year ended December 31, 2010, a 0.5% increase in the average number of customer accounts increased retail base revenues by approximately \$19 million, while a 1.7% increase in usage per retail customer, reflecting cold weather experienced in the first quarter and warmer weather in the second and third quarters and other factors partly offset by lower usage in the fourth quarter, increased retail base revenues by approximately \$79 million. Base rate increases resulting from two WCEC units commencing commercial operation in August and November 2009 and the base rate increase pursuant to the FPSC rate order increased retail base revenues for the year ended December 31, 2010 by approximately \$196 million and \$68 million, respectively. See Overview for a discussion of FPL's customer growth and non-weather related usage.

For the year ended December 31, 2009, a 0.2% decrease in the average number of customer accounts reduced retail base revenues by approximately \$8 million while a 0.3% increase in usage per retail customer, reflecting favorable weather conditions partly offset by other factors, increased retail base revenues by approximately \$30 million. Customer usage in 2009 reflects one less day of sales in 2009, as 2008 was a leap year. Base rate increases resulting from the two WCEC units commencing commercial operation in 2009 increased retail base revenues by approximately \$68 million.

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return allowed to be recovered through the cost recovery clauses on certain assets, primarily related to solar, environmental and nuclear capacity projects. In 2010, 2009 and 2008, cost recovery clauses contributed \$75 million, \$41 million and \$25 million, respectively, to FPL's net income. The increase in 2010 and 2009 cost recovery clause results is primarily due to a return related to additional solar, environmental and nuclear capacity expenditures, partly offset in 2009 by lower interest earned on fuel clause underrecoveries. In 2011, it is expected that cost recovery clauses will contribute higher earnings for FPL as a result of additional nuclear capacity and environmental expenditures. Underrecovery or overrecovery of such cost recovery clause and pass-through costs can significantly affect NextEra Energy'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 in the consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity until such capacity goes into service, pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and changes in energy sales. Capacity charges and franchise fee costs are included in fuel, purchased power and interchange and taxes other than income taxes and other, respectively, in the consolidated statements of income.

FPL uses a risk management fuel procurement program which was approved by the FPSC. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. The current regulatory asset for the change in fair value of derivative instruments used in the fuel procurement program amounted to approximately \$236 million and \$68 million at December 31, 2010 and 2009, respectively. Pursuant to an FPSC order, FPL was required to refund in the form of a one-time credit to retail customers' bills the 2009 year-end estimated fuel overrecovery; during the first quarter of 2010, approximately \$404 million was refunded to retail customers. At December 31, 2009, approximately \$356 million of retail fuel revenues were overrecovered, the reversal of which is reflected in the net repayment of previously deferred retail fuel revenues captioned included in the table above. The difference between the refund and the December 31, 2009 overrecovery will be collected from retail customers after 2010. The decrease in fuel revenues in 2010 reflects the \$404 million refund and approximately \$1,573 million related to a lower average fuel factor, partly offset by \$85 million attributable to higher energy sales. The decrease in fuel revenues in 2009 reflects approximately \$210 million related to a lower average fuel factor and \$10 million attributable to lower energy sales. The decrease from December 31, 2009 to December 31, 2010 in deferred clause and franchise revenues and the increase in deferred clause and franchise expenses (current and noncurrent, collectively) on NextEra Energy's and FPL's consolidated balance sheets totaled approximately \$629 million and negatively affected NextEra Energy's and FPL's cash flows from operating activities for the year ended December 31, 2010.

The decrease in revenues from other cost recovery clauses and pass-through costs in 2010 is primarily due to lower revenues associated with the FPSC's nuclear cost recovery rule and lower revenues related to franchise and revenue taxes, partly offset by higher environmental clause revenues. The increase in revenues from other cost recovery clauses and pass-through costs in 2009 is primarily due to additional revenues associated with the FPSC's nuclear cost recovery rule and higher conservation and environmental clause revenues. The FPSC's nuclear cost recovery rule provides for the recovery of prudently incurred pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs for new nuclear capacity through levelized charges under the capacity clause. In 2009, FPL began recovering pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and carrying charges (equal to a pretax AFUDC rate) on construction costs associated with the addition of approximately 400 mw to 460 mw of capacity at its existing nuclear units. The same rule provides for the recovery of construction costs, once property related to the new nuclear capacity goes into service, through a base rate increase. The decline in 2010 in revenues associated with the nuclear cost recovery rule is primarily due to lower spending related to the development of the two additional nuclear units at the Turkey Point site. The decline in 2010 revenues related to franchise and revenue taxes reflects the decline in fuel revenues.

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2010	2009	2008
	(millions)		
Fuel and energy charges during the period	\$ 4,714	\$ 5,425	\$ 6,289
Net collection of previously deferred retail fuel costs	-	256	-
Net deferral of retail fuel costs	(276)	-	(55)
Other, primarily capacity charges, net of any capacity deferral	544	539	515
Total	<u>\$ 4,982</u>	<u>\$ 6,220</u>	<u>\$ 6,749</u>

The decrease in fuel and energy charges in 2010 reflects lower fuel and energy prices of approximately \$822 million, partly offset by approximately \$111 million attributable to higher energy sales. The decrease in fuel and energy charges in 2009 was due to lower fuel and energy prices.

FPL's O&M expenses increased \$124 million in 2010 reflecting an approximately \$20 million charge for workforce reductions and higher nuclear and fossil generation, distribution, transmission and nuclear insurance costs of approximately \$34 million, \$29 million, \$16 million, \$8 million and \$12 million, respectively, partly offset by lower customer service costs, primarily due to lower uncollectible accounts, of \$13 million. The increase in nuclear generation costs is primarily due to higher maintenance costs and reflects a reimbursement in 2009 of prior years' costs of approximately \$10 million related to a spent nuclear fuel litigation settlement agreement with the U.S. Government. The increase in fossil generation costs is primarily related to WCEC Units Nos. 1 and 2, which units were placed in service in the second half of 2009, and higher plant overhaul costs. The increase in distribution and transmission costs reflects higher restoration and tree trimming costs. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income.

FPL's O&M expenses increased \$58 million in 2009 reflecting higher insurance and employee benefit costs of approximately \$51 million and \$44 million, respectively, partly offset by lower distribution, nuclear and fossil generation costs of \$26 million, \$18 million and \$10 million, respectively. The increase in insurance costs is primarily due to the absence of a refund associated with an environmental insurance policy termination, which occurred in 2008, as well as higher nuclear insurance costs. The increase in employee benefit costs is primarily due to higher medical costs, a lower pension credit and other costs driven by market conditions. The decrease in distribution costs reflects deferred projects and productivity improvements. The decline in nuclear generation costs reflects a reimbursement of prior years' costs related to the spent fuel settlement agreement and lower costs related to 2008 plant improvement initiatives partly offset by higher refueling and maintenance outage costs. The decline in fossil generation costs is primarily due to lower overhaul costs, partly offset by additional costs related to WCEC Units Nos. 1 and 2. Other changes in O&M expenses were primarily driven by pass-through costs which did not significantly affect net income.

The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2010	2009	2008
	(millions)		
\$125 million annual reduction under the 2005 rate agreement	\$ -	\$ (125)	\$ (125)
Surplus depreciation credit recorded under the 2010 rate agreement	(4)	-	-
Other depreciation and amortization recovered under base rates	891	942	908
Depreciation and amortization recovered under cost recovery clauses	121	280	77
Total	<u>\$ 1,008</u>	<u>\$ 1,097</u>	<u>\$ 860</u>

FPL had been recording the \$125 million annual reduction in depreciation and amortization expense since 2002, as approved by the FPSC in previous rate orders. See Overview regarding the amount of surplus depreciation credit that FPL may record over the term of the 2010 rate agreement. The decline in other depreciation and amortization expense recovered under base rates in 2010 is primarily due to lower depreciation rates as a result of the FPSC rate order, partly offset by higher plant in service balances related to WCEC Units Nos. 1 and 2, which were placed in service in August and November 2009, respectively. The increase in depreciation and amortization expense recovered under base rates in 2009 is primarily due to higher depreciation on transmission and distribution facilities, as well as WCEC Units Nos. 1 and 2. Depreciation and amortization recorded under cost recovery clauses in 2010 and 2009 reflects changes in the amortization of pre-construction costs associated with FPL's planned nuclear units recovered under the nuclear cost recovery rule. See Note 1 - Electric Plant, Depreciation and Amortization.

Taxes other than income taxes and other decreased \$71 million in 2010 and increased \$24 million in 2009 primarily due to changes in franchise fees and revenue taxes, which are pass-through costs. In addition, taxes other than income taxes and other in 2010 and 2009 reflect higher property taxes of \$34 million and \$14 million, respectively, due to growth in plant in service balances and, for 2010, a higher property tax rate.

The increase in interest expense in 2010 is primarily due to higher average debt balances, as well as lower AFUDC - debt. The decrease in interest expense in 2009 reflects a decline in average interest rates of approximately 29 basis points and higher AFUDC - debt, partly offset by higher average debt balances. See AFUDC - equity below for explanation of the change in AFUDC - debt. Interest expense on storm-recovery bonds, as well as certain other interest expense (collectively, clause interest), are essentially pass-through amounts and do not significantly affect net income, as the clause interest is recovered either under cost recovery clause mechanisms or through a storm-recovery bond surcharge. Clause interest for 2010, 2009 and 2008 amounted to approximately \$56 million, \$45 million and \$44 million, respectively. The increase in clause interest in 2010 is primarily due to higher interest associated with solar, environmental and nuclear capacity expenditures.

The decrease in AFUDC - equity in 2010 is primarily attributable to WCEC Units Nos. 1 and 2, which units commenced commercial operation in 2009, partly offset by additional AFUDC - equity on WCEC Unit No. 3. The decrease in AFUDC - equity also reflects a decline, effective April 1, 2010, in the AFUDC rate from 7.41% to 6.41%, as approved by the FPSC. The increase in AFUDC - equity in 2009 is primarily attributable to additional AFUDC - equity on WCEC Unit Nos. 1, 2 and 3.

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 2010, operating revenues from wholesale and industrial customers combined represented approximately 3% 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 Accounting Policies and Estimates - Regulatory Accounting.

FPL is currently constructing WCEC Unit No. 3, a natural gas-fired combined-cycle unit of approximately 1,220 mw, which is expected to be placed in service by mid-2011. In addition, FPL is in the process of adding approximately 400 mw to 460 mw of capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service from spring 2011 to 2013. FPL is also in the process of modernizing its Cape Canaveral and Riviera Beach power plants to high-efficiency natural gas-fired units and expects the units to be placed in service by 2013 and 2014, respectively. Each modernized plant is expected to provide approximately 1,200 mw of capacity. A 10 mw solar PV facility in Brevard County, Florida was placed in service in April 2010 and a 75 mw solar thermal facility in Martin County, Florida was placed in service in December 2010.

*NextEra Energy Resources* - NextEra Energy Resources' 2009 and 2008 segment results have been restated to reflect a change in the method of allocating non-utility interest expense and the allocation of shared service costs. See Summary above and Note 15 for additional discussion. NextEra Energy Resources' net income for 2010, 2009 and 2008 was \$980 million, \$759 million and \$831 million, respectively, an increase in 2010 of \$221 million and a decrease in 2009 of \$72 million. The primary drivers, on an after-tax basis, of these changes were as follows:

	Increase (Decrease) From Prior Period	
	Years Ended December 31,	
	2010	2009
	(millions)	
New investments <sup>(a)</sup>	\$ 45	\$ 173
Existing assets <sup>(a)</sup>	54	(213)
Gas infrastructure	23	3
Customer supply and proprietary power and gas trading businesses	(25)	120
Asset sales	7	6
Interest expense, differential membership costs and other	(96)	(34)
Change in unrealized mark-to-market non-qualifying hedge activity <sup>(b)(c)</sup>	196	(190)
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals <sup>(c)</sup>	17	63
Net income increase (decrease)	<u>\$ 221</u>	<u>\$ (72)</u>

(a) Includes PTCs and ITCs on wind projects and ITCs on solar projects and, for new investments, deferred tax benefits associated with convertible ITCs (see Note 1 - Electric Plant, Depreciation and Amortization, Note 1 - Income Taxes and Note 6) but does not include allocation of interest expense or corporate general and administrative expenses. 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 thirteenth month of operation.

(b) See Note 3 and discussion above related to derivative instruments.

(c) See table in Summary above for additional detail.

The increase in NextEra Energy Resources' 2010 results from new investments reflects the addition of over 2,100 mw of wind generation during or after 2009 and a benefit related to state ITCs. The increase in NextEra Energy Resources' 2009 results from new investments reflects the addition of over 2,490 mw of wind generation during or after 2008. Results from new investments for the years ended December 31, 2010 and 2009 include approximately \$66 million and \$87 million, respectively, of deferred tax benefits associated with convertible ITCs.

In 2010, results from NextEra Energy Resources' existing asset portfolio increased primarily due to favorable results at Seabrook of approximately \$62 million resulting primarily from the absence of an extended outage in 2010. In addition, 2010 results from the existing asset portfolio reflects favorable generation due to lower curtailments and a higher wind resource across the wind portfolio totaling approximately \$46 million. These results were partially offset by unfavorable market conditions in the ERCOT market affecting NextEra Energy Resources' merchant gas assets totaling approximately \$30 million and the absence of the state tax benefit of \$15 million. In 2009, results from NextEra Energy Resources' existing asset portfolio decreased approximately \$110 million primarily due to unfavorable results in the ERCOT and NEPOOL markets due primarily to unfavorable market conditions, lower results of \$75 million associated with existing wind projects primarily due to a lower wind resource across the portfolio and lower results of \$36 million from the contracted portfolio, partly offset by the state tax benefit and favorable results at Seabrook primarily due to higher prices. The increase in gas infrastructure results in 2010 is primarily due to exiting the hedged positions on a small number of future drilling opportunities.

Results from the customer supply and proprietary power and gas trading businesses decreased in 2010 primarily due to lower power and gas trading results, partly offset by a gain from the sale of a power supply contract that NextEra Energy Resources entered into in 2009. The increase in 2009 is due to higher power and gas trading results and favorable residential sales margins from the retail electricity provider.

Asset sales in 2010 include an after-tax gain of approximately \$6 million on the sale of a coal-fired project and an after-tax gain on a waste-to-energy project of approximately \$12 million recorded in 2010 after the expiration of an option for the buyer to sell the project back to NextEra Energy Resources. Asset sales in 2009 include after-tax gains of \$3 million for the sale of wind development rights, \$6 million for the sale of a 50 mw wind project and \$2 million for the sale of an interest in the waste-to-energy project while asset sales in 2008 reflect a \$6 million after-tax gain on the sale of development rights on a natural gas project.

In both 2010 and 2009, interest expense, differential membership costs and other reflects higher interest and other costs due to growth of the business and, for 2010, also reflects an after-tax writedown of approximately \$11 million in the value of certain assets associated with the plans to repower two California wind facilities and the absence of the foreign tax benefit of \$18 million which was recorded in 2009. In 2009, the foreign tax benefit was offset by other income tax expenses in 2009 and the absence of other income tax benefits recorded in the prior year.

Operating revenues for the year ended December 31, 2010 increased \$639 million primarily due to higher revenues at PMI and NextEra Energy Resources' retail electricity provider (collectively, approximately \$242 million), project additions (\$143 million), higher gas infrastructure revenues of \$31 million, higher revenues in the existing asset portfolio of \$206 million primarily due to the absence of an extended outage in 2010 at Seabrook, favorable generation due to lower curtailments and a higher wind resource across the wind portfolio. In addition, operating revenues increased due to losses of \$75 million on unrealized mark-to-market non-qualifying hedge activity compared to \$88 million of such losses in 2009. Operating revenues for the year ended December 31, 2009 decreased \$573 million primarily due to losses of \$88 million on unrealized mark-to-market non-qualifying hedge activity in 2009 compared to gains on such hedges of \$232 million in 2008. Excluding this mark-to-market activity, revenues were affected by unfavorable market conditions in the NEPOOL, ERCOT and PJM markets and an unfavorable wind resource, partly offset by higher operating revenues at PMI and NextEra Energy Resources' retail electricity provider (collectively, approximately \$384 million) and project additions (\$131 million).

Operating expenses for the year ended December 31, 2010 increased \$262 million reflecting higher fuel costs of approximately \$366 million, higher costs for project additions of approximately \$85 million and higher other operating expenses of \$130 million. Other operating expenses increased due to higher maintenance activities, a write-down in the value of certain assets associated with the plans to repower two California wind facilities and additional wells in gas infrastructure. This was partially offset by \$364 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$60 million of such gains in 2009. Operating expenses for the year ended December 31, 2009 decreased \$281 million primarily due to lower fuel costs of approximately \$390 million partially offset by project additions of \$94 million and higher corporate general and administrative expenses of \$21 million to support the growth in the business. In addition, operating expenses reflect \$60 million of unrealized mark-to-market gains from non-qualifying hedges compared to \$53 million of such gains in 2008.

NextEra Energy Resources' interest expense for the year ended December 31, 2010 and 2009 increased \$55 million and \$42 million, respectively, primarily due to increased borrowings to support the growth of the business, partly offset by lower average interest rates of approximately 36 basis points and 37 basis points, respectively. Gains on disposal of assets - net in NextEra Energy's consolidated statements of income for the year ended December 31, 2010, 2009 and 2008 reflect \$49 million, \$56 million and \$8 million, respectively, of gains on sales of securities held in NextEra Energy Resources' nuclear decommissioning funds. In addition, gains on disposal of assets - net for the year ended December 31, 2010 reflect a pretax gain of \$18 million on the sale of the waste-to-energy project and for the year ended December 31, 2008 reflect an approximately \$10 million pretax gain on the sale of development rights related to a natural gas project.

PTCs from NextEra Energy Resources' wind projects are reflected in NextEra Energy Resources' 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 were approximately \$307 million, \$255 million and \$262 million for the years ended December 31, 2010, 2009 and 2008, respectively. In addition, NextEra Energy's effective income tax rate for the years ended December 31, 2010 and 2009 was affected by deferred tax benefits associated with convertible ITCs of \$68 million and \$88 million, respectively. See Note 6.

NextEra Energy Resources expects its future portfolio capacity growth to come primarily from wind and solar development and from asset acquisitions. NextEra Energy Resources plans to add approximately 3,500 mw to 5,000 mw of new wind generation in 2010 to 2014, including 754 mw added in 2010 and approximately 700 mw to 1,000 mw in 2011. In addition to wind expansion, NextEra Energy Resources is considering several solar development opportunities in the United States and Europe, and plans to add approximately 400 mw to 600 mw of new solar generation during the period 2010 through 2014, including 5 mw added in 2010. The wind and solar expansions are subject to, among other things, continued public policy support, support for the construction and availability of sufficient transmission facilities and capacity, continued market demand, supply chain expansion and access to capital at reasonable cost and on reasonable terms. Currently, in the United States, approximately 30 states and the District of Columbia have RPS requiring electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. NextEra Energy Resources believes that these standards will create incremental demand for renewable energy in the future.

Competitive wholesale markets in the United States continue to evolve and vary among and within geographic regions. 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, solar and hydro resources (weather conditions), competition from regulated utilities and new sources of generation, effective risk management, demand growth, level of demand, environmental requirements and exposure to legal and regulatory changes.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for NextEra Energy Resources. 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. NextEra Energy Resources seeks to reduce its market risk by having a diversified portfolio by fuel type and location, as well as by contracting for the future sale of a significant amount of the electricity output of its plants. The combination of new wind and solar projects and asset acquisitions are expected to be the key drivers supporting NextEra Energy Resources' growth over the next few years.

NextEra Energy Resources' earnings are subject to variability due to, among other things, operational performance, commodity price exposure, counterparty performance, weather conditions and project restructuring activities. NextEra Energy Resources' exposure to commodity price risk is reduced by the degree of contract coverage obtained for 2011 and 2012. Therefore, if NextEra Energy Resources' plants do not perform as expected, NextEra Energy Resources could be required to purchase power at potentially higher market prices to meet its contractual obligations. 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 and solar units. In managing its exposure to commodity prices, NextEra Energy Resources is dependent upon its counterparties to perform under their contractual obligations. NextEra Energy Resources actively manages the trade-off between market risk and credit risk, as well as exposure with individual counterparties as a function of their creditworthiness. As of December 31, 2010, substantially all of NextEra Energy Resources' 2011 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 non-utility interest expense and shared service costs to NextEra Energy Resources. See Summary above and Note 15 for a discussion regarding a change, beginning in 2010, in the method of allocating non-utility interest expense, the allocation of shared service costs and the restatement of the prior year segment results of Corporate and Other. For purposes of allocating non-utility interest expense, the deferred credit associated with differential membership interests sold by NextEra Energy Resources subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	<u>Years Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(millions)		
Interest expense, net of allocations to NextEra Energy Resources	\$ (63)	\$ (43)	\$ (38)
Interest income	43	34	22
Federal and state income tax benefits	35	-	18
Other	17	34	17
Net income	<u>\$ 32</u>	<u>\$ 25</u>	<u>\$ 19</u>

The increase in interest expense in 2010 and 2009 reflects additional debt outstanding, partly offset by lower average interest rates of approximately 40 basis points and 66 basis points, respectively, and a higher allocation of interest costs to NextEra Energy Resources. The increase in interest income in 2010 and 2009 is primarily due to earnings on an energy-related loan made to a third party by a Capital Holdings subsidiary. The federal and state income tax benefits reflect consolidating income tax adjustments and, in 2010, include a one-time income tax benefit of \$24 million related to deferred income taxes. Other includes all other corporate income and expenses, as well as other business activities. The decline in other in 2010 is primarily due to an \$11 million after-tax loss on the sale of assets held under leveraged leases; the pretax amount (\$17 million) of such loss is reflected in other - net in NextEra Energy's consolidated statements of income. The increase in other in 2009 primarily reflects realized and unrealized gains on investments which are reflected in other - net in the consolidated statements of income.

## Liquidity and Capital Resources

NextEra Energy and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, payment of maturing debt obligations and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of internally generated funds, short- and long-term borrowings, and the issuance, from time to time, of short- and long-term debt and equity securities, consistent with NextEra Energy's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NextEra Energy, FPL and Capital Holdings rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NextEra Energy, FPL and Capital Holdings to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

The global and domestic credit and capital markets experienced unprecedented levels of volatility and disruption in the recent past. This significantly affected the cost and available sources of liquidity in the financial markets. FPL and Capital Holdings have continued to have access to commercial paper and short- and long-term credit and capital markets. If capital and credit market conditions change, this could alter spending plans and affect working capital at FPL and NextEra Energy Resources.

**Available Liquidity** - At December 31, 2010, NextEra Energy's total net available liquidity was approximately \$6.3 billion, of which FPL's portion was approximately \$3.1 billion. The components of each company's net available liquidity at December 31, 2010 were as follows:

	FPL	Capital Holdings (millions)	NextEra Energy Consoli- dated	Maturity Date	
				FPL	Capital Holdings
Bank revolving line of credit facilities <sup>(a)</sup>	\$ 2,973	\$ 4,417	\$ 7,390	(b)	(b)
Less letters of credit	(8)	(771)	(779)		
	<u>2,965</u>	<u>3,646</u>	<u>6,611</u>		
Revolving credit facility	250	-	250	2014	
Less borrowings	-	-	-		
	<u>250</u>	<u>-</u>	<u>250</u>		
Subtotal	3,215	3,646	6,861		
Cash and cash equivalents	20	282	302		
Less commercial paper	(101)	(788)	(889)		
Net available liquidity	<u>\$ 3,134</u>	<u>\$ 3,140</u>	<u>\$ 6,274</u>		

(a) Provide for the funding of loans up to \$7,390 million (\$2,973 million for FPL) and the issuance of letters of credit up to \$6,390 million (\$2,473 million for FPL). The entire amount of the credit facilities is available for general corporate purposes, including to provide back-up liquidity for FPL's and Capital Holdings' commercial paper programs and other short-term borrowings 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). FPL's bank revolving line of credit facilities are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

(b) \$17 million of FPL's and \$40 million of Capital Holdings' bank revolving line of credit facilities expire in 2012. The remaining portion of bank revolving line of credit facilities for FPL and Capital Holdings expires in 2013.

As of February 24, 2011, 58 banks participate in FPL's and Capital Holdings' bank revolving line of credit facilities and FPL's revolving credit facility, with no one bank providing more than 7% of the combined bank revolving line of credit facilities and FPL's revolving credit facility. Pursuant to a 1998 guarantee agreement, NextEra Energy guarantees the payment of Capital Holdings' debt obligations under the bank revolving line of credit facilities. As a precondition for Capital Holdings to borrow or to issue letters of credit under the terms of its bank revolving line of credit facilities, among other things, NextEra Energy's ratio of funded debt to total capitalization must not exceed a stated ratio. The Capital Holdings bank revolving line of credit facilities also contain default and related acceleration provisions relating to, among other things, NextEra Energy's ratio of funded debt to total capitalization exceeding the specified ratio. Similarly, as a precondition for FPL to borrow or to issue letters of credit under the terms of its bank revolving line of credit facilities and revolving credit facility, among other things, FPL's ratio of funded debt to total capitalization must not exceed a stated ratio. The FPL bank revolving line of credit facilities and revolving credit facility also contain default and related acceleration provisions relating to, among other things, FPL's ratio of funded debt to total capitalization exceeding the specified ratio. At December 31, 2010, each of NextEra Energy and FPL was in compliance with its required ratio.

In December 2010, an indirect wholly-owned subsidiary of NextEra Energy Resources (the borrower) entered into two Canadian \$150 million, variable rate, three-year bank revolving credit agreements that expire in 2013 (both credit agreements can be extended for up to one additional year with the lenders' consent). Under one of the credit agreements, if the borrower receives sufficient commitment offers from other interested lenders, the borrower may elect to increase the principal amount of credit available under the credit agreement to an amount not to exceed Canadian \$600 million. Under both credit agreements, subject to satisfying certain preconditions, the borrower has the option at the end of the revolving credit term to convert any outstanding borrowings into a one-year term loan. Borrowings under the credit agreements can be used for the borrower's general corporate purposes, including the purchase, development, construction, and/or operation of Canadian electricity generating assets, including the repayment of debt assumed in connection with the purchase of such assets. All borrowings under the credit agreements are guaranteed by Capital Holdings, which payment obligations are in turn guaranteed by NextEra Energy pursuant to the 1998 guarantee agreement with Capital Holdings. As a precondition to borrow or issue letters of credit under the terms of the credit agreements, among other things, NextEra Energy's ratio of funded debt to total capitalization must not exceed a stated ratio. The credit agreements also contain default and related acceleration provisions relating to, among other things, NextEra Energy's ratio of funded debt to total capitalization exceeding the specified ratio. As of December 31, 2010, Canadian \$82 million (approximately US \$82 million) had been borrowed under one of the credit agreements (see Cash Flow below). As of February 24, 2011, a total of Canadian \$203 million (approximately US \$203 million) had been borrowed under the two credit agreements.

Also, two indirect wholly-owned subsidiaries of NextEra Energy Resources have each established an \$80 million letter of credit facility. One of the facilities expires in 2017 and serves as security for certain obligations of the subsidiary under commodity hedge agreements. The other facility expires in 2018 and serves as security for certain obligations of the subsidiary under power purchase agreements.

In December 2010, NextEra Energy completed the program it commenced in January 2009 under which it offered and sold, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During 2010 and 2009, NextEra Energy received gross proceeds through the sale and issuance of common stock under this program of approximately \$240 million and \$160 million, respectively.

At December 31, 2010, FPL had the capacity to absorb up to approximately \$205 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC or filing a petition with the FPSC. See Note 1 - Revenues and Rates.

The Dodd-Frank Act was enacted into law in July 2010 which, among other things, provides for the regulation of the OTC derivatives market. While the legislation is broad and detailed, substantial portions of the legislation require implementing rules to be adopted by federal governmental agencies including, but not limited to, the SEC and the CFTC. The Dodd-Frank Act generally requires certain OTC derivative transactions (including asset-backed OTC derivatives used to hedge risks associated with commodity and interest rate exposure) to be executed by certain types of entities through an exchange or to be centrally cleared. However, the Dodd-Frank Act provides an exemption from mandatory clearing requirements for transactions entered into by non-swap dealers or non-major swap participants and other non-financial entities, as defined in the Dodd-Frank Act, that are used to hedge or mitigate commercial risk. The Dodd-Frank Act also includes provisions under which the CFTC may impose capital and margin requirements on certain entities for transactions, including those that are used to hedge or mitigate commercial risk. However, key legislators and regulators have indicated that it is not their intention to impose capital and margin requirements on counterparties that are eligible to use transactions to hedge or mitigate commercial risk. Final rules on OTC derivative-related provisions of the Dodd-Frank Act are required to be established through CFTC and SEC rulemakings within 360 days after the date of enactment. If, as a result of the rulemaking associated with the Dodd-Frank Act, FPL and NextEra Energy Resources do not qualify for an exemption related to clearing and margining requirements, FPL and NextEra Energy Resources would be subject to higher margin requirements. It is possible that portions of NextEra Energy Resources' business may be subject to capital, reporting, recordkeeping and business conduct requirements and standards in addition to the already mentioned margin requirements. Depending on the outcome of these rules, system upgrades and business process modifications would likely be necessary to comply. NextEra Energy and FPL cannot predict the final rules that will be adopted to implement the OTC derivatives market provisions of the Dodd-Frank Act. Those rules could negatively affect NextEra Energy's and FPL's ability to hedge their commodity and interest rate risks, which could have a material adverse effect on NextEra Energy's and FPL's financial results. The rules also could require NextEra Energy Resources to restructure part of its energy marketing and trading operations or to discontinue certain portions of its business. In addition, if the rules require NextEra Energy and FPL to post cash collateral with respect to swap transactions, NextEra Energy's and FPL's liquidity could be materially adversely affected, and their ability to enter into OTC derivatives to hedge commodity and interest rate risks could be significantly limited. Reporting and compliance requirements of the rules also could significantly increase operating costs and expose NextEra Energy and FPL to penalties for non-compliance.

*Letters of Credit, Surety Bonds and Guarantees* - NextEra Energy and FPL obtain letters of credit and surety bonds, and issue guarantees to facilitate commercial transactions with third parties and financings. At December 31, 2010, NextEra Energy had approximately \$977 million of standby letters of credit (\$17 million for FPL), approximately \$87 million of surety bonds (\$51 million for FPL) and approximately \$9.5 billion notional amount of guarantees (\$43 million for FPL), of which approximately \$6.1 billion (\$34 million for FPL) letters of credit and guarantees have expiration dates within the next five years. An aggregate of approximately \$779 million (\$8 million for FPL) of the standby letters of credit at December 31, 2010 were issued under FPL's and Capital Holdings' credit facilities. See Available Liquidity above. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, nuclear activities, capital expenditures for wind development and other contractual agreements. Each of NextEra Energy and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds and guarantees. Accordingly, at December 31, 2010, NextEra Energy and FPL did not have any liabilities recorded for these letters of credit, surety bonds and guarantees. In addition, NextEra Energy has guaranteed certain payment obligations of Capital Holdings, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees, and Capital Holdings has guaranteed certain debt and other obligations of NextEra Energy Resources and its subsidiaries. See Note 14 - Commitments.

*Shelf Registration* - In August 2009, NextEra Energy, Capital Holdings, FPL and certain affiliated trusts filed a shelf registration statement with the SEC for an unspecified amount of securities. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of February 24, 2011, 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, junior subordinated debentures, first mortgage bonds, preferred trust securities, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of February 24, 2011, NextEra Energy and Capital Holdings had approximately \$2.7 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had \$1.6 billion of board-authorized available capacity.

**Credit Ratings** - NextEra Energy's and FPL's liquidity, ability to access credit and capital markets, cost of borrowings and collateral posting requirements under certain agreements are dependent on their credit ratings. At February 24, 2011, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had assigned the following credit ratings to NextEra Energy, FPL and Capital Holdings:

	Moody's <sup>(a)</sup>	S&P <sup>(a)</sup>	Fitch <sup>(a)</sup>
NextEra Energy: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
FPL: <sup>(b)</sup>			
Corporate credit rating	A2	A-	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	VMIG-1	A	A+
Commercial paper	P-1	A-2	F1
Capital Holdings: <sup>(b)</sup>			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F1

(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 stable, stable and negative, respectively.

NextEra Energy and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the FPL, Capital Holdings and Canadian credit facilities, the maintenance of a specific minimum credit rating is not a condition to drawing on these credit facilities. Commitment fees and interest rates on loans under these credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities. In addition, a ratings downgrade could result in the requirement that NextEra Energy subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and Capital Holdings' credit facilities are available to support these potential requirements. See Available Liquidity above.

**Cash Flow** - The changes in cash and cash equivalents are summarized as follows:

	NextEra Energy			FPL		
	Years Ended December 31,					
	2010	2009	2008	2010	2009	2008
	(millions)					
Net cash provided by operating activities	\$ 3,834	\$ 4,463	\$ 3,403	\$ 1,934	\$ 2,871	\$ 2,180
Net cash used in investing activities	(5,284)	(5,935)	(5,808)	(2,561)	(2,726)	(2,427)
Net cash provided by (used in) financing activities	1,514	1,175	2,650	564	(182)	304
Net increase (decrease) in cash and cash equivalents	\$ 64	\$ (297)	\$ 245	\$ (63)	\$ (37)	\$ 57

NextEra Energy's cash and cash equivalents increased for the year ended December 31, 2010 reflecting cash generated by operating activities, net issuances of long-term debt, issuance of common stock, proceeds from the sale of differential membership interests and cash grants received under the Recovery Act. These inflows were partially offset by capital investments by FPL and NextEra Energy Resources, a net decrease in short-term debt and the payment of common stock dividends to NextEra Energy shareholders.

NextEra Energy's cash flows from operating activities for the year ended December 31, 2010 reflect cash generated by net income and derivative-related activities, including margin cash collateral provided from NextEra Energy Resources' counterparties as a result of changing energy prices, prepaid option premiums and settlements. These inflows were partially offset by cash outflows related to FPL's cost recovery clauses and franchise fees, primarily the fuel clause.

NextEra Energy's cash flows from investing activities for the year ended December 31, 2010 reflect capital investments, including nuclear fuel purchases, of approximately \$2.7 billion by FPL to expand and enhance its electric system and generating facilities to continue to provide reliable service to meet the power needs of present and future customers and investments in independent power projects, including nuclear fuel, of approximately \$3.1 billion by NextEra Energy Resources. NextEra Energy's cash flows from investing activities also include approximately \$588 million (comprised of \$427 million and \$161 million at NextEra Energy Resources and FPL, respectively) of cash grants under the Recovery Act, the purchase and sale of restricted securities held in the special use funds, including the reinvestment of fund earnings and new contributions by NextEra Energy Resources, as well as other investment activity, primarily at Capital Holdings. NextEra Energy expects to receive additional cash grants under the Recovery Act during 2011.

During the year ended December 31, 2010, NextEra Energy generated proceeds from financing activities of approximately \$4.3 billion, including \$261 million in proceeds from the sale of differential membership interests, \$308 million in proceeds from the issuance of common stock, primarily under NextEra Energy's continuous offering agreement (see Available Liquidity above), and the following long-term debt issuances and borrowings:

Date Issued	Company	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
February 2010	FPL	First mortgage bonds	5.69%	\$ 500	2040
March 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse notes	6.56%	305	2030
April 2010	Capital Holdings	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	Capital Holdings	Term loan	Variable <sup>(a)</sup>	100	2013
April 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse term loan	Variable <sup>(a)(b)</sup>	255	2027
May 2010	Capital Holdings	Debentures	2.55% <sup>(b)</sup>	250	2013
June 2010	NextEra Energy Resources subsidiary	Limited recourse term loan	Variable <sup>(a)</sup>	78	2015
August 2010	Capital Holdings	Debentures	2.60% <sup>(b)</sup>	400	2015
September 2010	Capital Holdings	Term loan	Variable <sup>(a)</sup>	50	2013
September 2010	Capital Holdings	Debentures related to NextEra Energy's equity units	1.90%	403	2015
September 2010	Capital Holdings	Japanese yen denominated senior notes	5.1325% <sup>(c)</sup>	120 <sup>(c)</sup>	2030
September 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse term loan	Variable <sup>(a)(b)</sup>	297	2028
September 2010	Capital Holdings	Term loan	Variable <sup>(a)</sup>	50	2013
September 2010	Capital Holdings	Term loan	Variable <sup>(a)</sup>	110	2014
December 2010	FPL	First mortgage bonds	5.25%	400	2041
December 2010	NextEra Energy Resources subsidiary	Canadian revolving credit facility	Variable <sup>(a)</sup>	82	2013
December 2010	NextEra Energy Resources subsidiary	Senior secured limited recourse term loan	Variable <sup>(a)(b)</sup>	231	2018
				<u>\$ 3,731</u>	

(a) Variable rate is based on an underlying index plus a margin.

(b) Interest rate swap agreements were entered into with respect to these issuances.

(c) Reflects a currency swap agreement entered into with respect to both interest and principal payments on this issuance.

On April 30, 2010, Peace Garden Wind Funding, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources, sold its Class B membership interests in Peace Garden Wind, LLC, an indirect wholly-owned subsidiary of NextEra Energy Resources with ownership interests in two wind generation facilities with generating capability totaling approximately 170 mw located in North Dakota, to certain third-party investors for approximately \$190 million.

On September 30, 2010, Heartland Wind Funding, LLC (Heartland Wind Funding), an indirect wholly-owned subsidiary of NextEra Energy Resources, sold Class B membership interests in Heartland Wind, LLC (Heartland Wind), an indirect wholly-owned subsidiary of NextEra Energy Resources, with ownership interests in three wind generation facilities with generating capability totaling approximately 309 mw located in North Dakota and Iowa, to a third-party investor. At closing, Heartland Wind Funding received approximately \$71 million and will receive future capital contributions from the third-party investor on a semi-annual basis through December 31, 2018 based on the amount of PTCs generated by Heartland Wind. At December 31, 2010, the future capital contributions are expected to total approximately \$207 million based on projected wind generation.

During the year ended December 31, 2010, NextEra Energy paid approximately \$2.7 billion in connection with financing activities, including \$357 million in principal payments on NextEra Energy Resources' debt, \$370 million in principal payments on Capital Holdings' debt, \$42 million in principal payments on FPL's storm-recovery bonds, a net decrease in short-term debt of \$1.1 billion (comprised of \$414 million and \$717 million at Capital Holdings and FPL, respectively) and \$823 million for the payment of dividends on NextEra Energy's common stock.

NextEra Energy's cash and cash equivalents decreased for the year ended December 31, 2009 reflecting capital investments by FPL and NextEra Energy Resources, the payment of common stock dividends to NextEra Energy shareholders and margin cash collateral provided to NextEra Energy Resources' derivative instrument counterparties. These outflows were partially offset by cash generated by operating activities, net issuances of both long- and short-term debt and the issuance of common stock.

*Contractual Obligations and Estimated Planned Capital Expenditures* - NextEra Energy's and FPL's commitments at December 31, 2010 were as follows:

	2011	2012	2013	2014 (millions)	2015	Thereafter	Total
Long-term debt, including interest: <sup>(a)</sup>							
FPL	\$ 389	\$ 391	\$ 782	\$ 373	\$ 374	\$ 12,143 <sup>(b)</sup>	\$ 14,452
NextEra Energy Resources	709	715	839	579	677	4,220	7,739
Corporate and Other	1,885	719	1,157	881	1,605	12,417	18,664
Purchase obligations:							
FPL <sup>(c)</sup>	6,190	5,330	3,390	2,890	2,645	10,270	30,715
NextEra Energy Resources <sup>(d)</sup>	1,175	225	175	160	160	725	2,620
Asset retirement activities: <sup>(e)</sup>							
FPL <sup>(f)</sup>	-	-	-	-	-	7,106	7,106
NextEra Energy Resources <sup>(g)</sup>	2	2	-	-	-	9,736	9,740
Other Commitments:							
NextEra Energy Resources <sup>(h)</sup>	14	5	72	73	98	490	752
Total	<u>\$ 10,364</u>	<u>\$ 7,387</u>	<u>\$ 6,415</u>	<u>\$ 4,956</u>	<u>\$ 5,559</u>	<u>\$ 57,107</u>	<u>\$ 91,788</u>

(a) Includes principal, interest and interest rate swaps. Variable rate interest was computed using December 31, 2010 rates.

(b) Includes \$633 million of tax exempt bonds that permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2010, all tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving line of credit facilities are available to support the purchase of tax exempt bonds.

(c) Represents required capacity and minimum payments under long-term purchased power and fuel contracts (see Note 14 - Contracts), and projected capital expenditures through 2015 (see Note 14 - Commitments).

(d) Represents firm commitments primarily in connection with construction activities, and fuel-related and transmission service contracts. See Note 14 - Commitments and Contracts.

(e) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

(f) At December 31, 2010, FPL had approximately \$2,512 million in restricted funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in NextEra Energy's and FPL's special use funds. See Note 13.

(g) At December 31, 2010, NextEra Energy Resources' 88.23% portion of Seabrook's and 70% portion of Duane Arnold's and its Point Beach's restricted funds for the payment of future expenditures to decommission its nuclear units totaled approximately \$1,105 million and are included in NextEra Energy's special use funds. See Note 13.

(h) Represents estimated cash distributions related to membership interests and payments related to the acquisition of certain development rights. For further discussion of membership interests, see Note 1 - Sale of Differential Membership Interests.

**Covenants** - NextEra Energy's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of NextEra Energy 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 2010, NextEra Energy increased the quarterly dividend on its common stock from \$0.4725 to \$0.50 per share. In February 2011, NextEra Energy announced that it would increase the quarterly dividend on its common stock from \$0.50 to \$0.55 per share. FPL pays dividends to NextEra Energy in a manner consistent with FPL's long-term targeted capital structure. The mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to NextEra Energy 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, 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, 2010, 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, 2010, coverage for the 12 months ended December 31, 2010 would have been approximately 6.3 times the annual interest requirements and approximately 3.6 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, 2010, FPL could have issued in excess of \$8.1 billion of additional first mortgage bonds based on the unfunded property additions and in excess of \$5.8 billion based on retired first mortgage bonds. As of December 31, 2010, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, NextEra Energy and Capital Holdings executed a Replacement Capital Covenant (September 2006 RCC) in connection with Capital Holdings' 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, Series A and Series B junior subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of Capital Holdings (other than the Series A and Series B junior subordinated debentures) or, in certain cases, of NextEra Energy. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that Capital Holdings may redeem, and NextEra Energy or Capital Holdings may purchase, any Series A and Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series A and Series B 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 Series A and Series B junior subordinated debentures.

In June 2007, NextEra Energy and Capital Holdings executed a Replacement Capital Covenant (June 2007 RCC) in connection with Capital Holdings' offering of \$400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of Capital Holdings (other than the Series C junior subordinated debentures) or, in certain cases, of NextEra Energy. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that Capital Holdings may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and NextEra Energy and any majority-owned subsidiary of NextEra Energy or Capital Holdings may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

In September 2007, NextEra Energy and Capital Holdings executed a Replacement Capital Covenant (September 2007 RCC) in connection with Capital Holdings' offering of \$250 million principal amount of its Series D Junior Subordinated Debentures due 2067 and \$350 million principal amount of Series E Junior Subordinated Debentures due 2067 (collectively, Series D and Series E junior subordinated debentures). The September 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of Capital Holdings (other than the Series D and Series E junior subordinated debentures) or, in certain cases, of NextEra Energy. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2007 RCC. The September 2007 RCC provides that Capital Holdings may redeem, purchase, or defease, and NextEra Energy and any majority-owned subsidiary of NextEra Energy or Capital Holdings may purchase, any Series D and Series E junior subordinated debentures on or before September 1, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series D and Series E junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the September 2007 RCC.

In March 2009, NextEra Energy and Capital Holdings executed a Replacement Capital Covenant (March 2009 RCC) in connection with Capital Holdings' offering of \$375 million principal amount of its Series F Junior Subordinated Debentures due 2069. The March 2009 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of Capital Holdings (other than the Series F junior subordinated debentures) or, in certain cases, of NextEra Energy. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the March 2009 RCC. The March 2009 RCC provides that Capital Holdings may redeem, purchase, or defease, and NextEra Energy and any majority-owned subsidiary of NextEra Energy or Capital Holdings may purchase, any Series F junior subordinated debentures on or before March 1, 2039, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series F junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the March 2009 RCC.

### **Critical Accounting Policies and Estimates**

NextEra Energy's and FPL's significant accounting policies are described in Note 1 to the consolidated financial statements, which were prepared in accordance with accounting principles generally accepted in the United States. Critical accounting policies are those that NextEra Energy and FPL believe are both most important to the portrayal of their financial condition and results of operations, and require complex, subjective judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

NextEra Energy and FPL consider the following policies to be the most critical in understanding the judgments that are involved in preparing their consolidated financial statements:

*Accounting for Derivatives and Hedging Activities* - NextEra Energy and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with outstanding and forecasted debt. In addition, NextEra Energy, through NextEra Energy Resources, uses derivatives to optimize the value of power generation assets. NextEra Energy Resources provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. 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, 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 or capacity clauses. In NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, 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.

Much of the existing accounting guidance related to derivatives focuses on when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from derivative accounting rules, however the guidance does not address all contract issues. As a result, significant judgment must be used in applying derivatives accounting guidance to contracts. In the event changes in interpretation occur, it is possible that contracts that currently are excluded from derivatives accounting rules would have to be recorded on the balance sheet at fair value, with changes in the fair value recorded in the statement of income.

Certain economic hedging transactions at NextEra Energy Resources 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 statement of income, 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 NextEra Energy Resources' 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, NextEra Energy'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 3, Results of Operations and Energy Marketing and Trading and Market Risk Sensitivity.

*Accounting for Pensions and Other Postretirement Benefits* - NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries. NextEra Energy also has a supplemental executive retirement plan (SERP) which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees. The impact of the SERP component is included within the pension plan as discussed below. In addition to pension benefits, NextEra Energy sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits plan) for retirees of NextEra Energy 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. NextEra Energy allocates net periodic benefit income or cost associated with the pension and other benefits plans to its subsidiaries annually using specific criteria.

NextEra Energy's regulatory assets and liabilities were established in association with the implementation of accounting guidance in a prior year which requires recognition of the funded status of benefit plans in the balance sheet, with changes in the funded status recognized in comprehensive income within shareholders' equity in the year in which the changes occur. Since NextEra Energy 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 accounting guidance were reflected at NextEra Energy and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition obligations that were estimated to be allocable to FPL as net periodic benefit (income) cost in future periods and that otherwise would have been recorded in accumulated other comprehensive income (AOCI) were classified as regulatory assets and liabilities at NextEra Energy in accordance with regulatory treatment.

NextEra Energy's income from its pension plan, net of the cost of the other benefits plan, was approximately \$38 million, \$75 million and \$86 million for the years ended December 31, 2010, 2009 and 2008, respectively. The corresponding amounts allocated to FPL were \$19 million, \$50 million and \$60 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 for the pension plan and 8.00% for all years for the other benefits plan, assumed increases in salary of 4.00% for all years, and weighted-average discount rates of 5.50%, 6.90% and 6.25% for the pension plan and 5.50%, 6.90% and 6.35% for the other benefits plan for the years ended December 31, 2010, 2009 and 2008, respectively. Based on current health care costs (as related to other benefits), the projected 2010 trend assumption used to measure the expected cost of health care benefits covered by the plans for those under age 65 is 7.60% for medical and 8.20% for prescription drug benefits and for those age 65 and over is 7.25% for medical and 7.75% for prescription drug benefits. These rates are assumed to decrease over the next 8 years for medical benefits and 10 years for prescription drug benefits to the ultimate trend rate of 5.50% and remain at that level thereafter. The ultimate trend rate is assumed to be reached in 2018 for medical benefits and 2020 for prescription drug benefits. In developing these assumptions, NextEra Energy evaluated input from its actuaries, as well as information available in the marketplace. For the expected long-term rate of return on fund assets, NextEra Energy considered 10-year and 20-year historical median returns for a portfolio with an equity/bond asset mix similar to its funds, as well as its funds' historical compounded returns. NextEra Energy also considered input from its actuaries and consultants, as well as information available in the marketplace. NextEra Energy believes that 7.75% and 8.00% are reasonable long-term rates of return on its pension plan and other benefits plan assets, respectively. NextEra Energy will continue to evaluate all of its actuarial assumptions, including its expected rate of return, at least annually, and will adjust them as necessary.

NextEra Energy 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 following 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 to the extent they exceed 10% of the greater of projected benefit obligations or the market-related value of assets.

The following table illustrates the effect on net periodic benefit income of changing the critical actuarial assumptions discussed above, while holding all other assumptions constant:

	Change in Assumption	Decrease in 2010 Net Periodic Benefit Income	
		NextEra	FPL
		Energy	
		(millions)	
Expected long-term rate of return	(0.5)%	\$ 16	\$ 11
Discount rate	(0.5)%	\$ -	\$ -
Salary increase	0.5 %	\$ 2	\$ 1
Health care cost trend rate <sup>(a)</sup>	1.0 %	\$ 1	\$ 1

(a) 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 NextEra Energy's other benefits plan.

The fair value of plan assets has increased from \$3.0 billion at December 31, 2009 to \$3.2 billion at December 31, 2010 for the pension plan and remained constant at \$32 million at December 31, 2009 and 2010 for the other benefits plan. Management believes that, based on the actuarial assumptions and the well funded status of the pension plan, NextEra Energy will not be required to make any cash contributions to the qualified pension plan in the near future. In December 2010, \$29 million was transferred from the qualified pension plan as reimbursement for eligible retiree medical expenses paid by NextEra Energy during the year pursuant to the provisions of the Internal Revenue Code. NextEra Energy anticipates paying approximately \$28 million for eligible retiree medical expenses on behalf of the other benefits plan during 2011 with substantially all of that amount being reimbursed through a transfer of assets from the qualified pension plan. See Note 2.

**Carrying Value of Long-Lived Assets** - NextEra Energy 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. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate.

The amount of future net cash flows, the timing of the cash flows and the determination of an appropriate interest rate all involve estimates and judgments about future events. In particular, the aggregate amount of cash flows determines whether an impairment exists, and the timing of the cash flows is critical in determining fair value. Because each assessment is based on the facts and circumstances associated with each long-lived asset, the effects of changes in assumptions cannot be generalized.

**Nuclear Decommissioning and Fossil/Solar Dismantlement** - The components of NextEra Energy's and FPL's decommissioning of nuclear plants, dismantlement of plants and other accrued asset removal costs are as follows:

	FPL						NextEra Energy Resources		NextEra Energy	
	Nuclear Decommissioning		Fossil/Solar Dismantlement		Interim Removal Costs and Other		December 31,		December 31,	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(millions)									
AROs	\$ 1,057	\$ 1,807	\$ 23	\$ 23	\$ 3	\$ 3	\$ 556	\$ 585	\$ 1,639	\$ 2,418
Less capitalized ARO asset net of accumulated depreciation	-	50	4	5	-	-	-	-	4	55
Accrued asset removal costs <sup>(a)</sup>	207	196	336	318	1,701	1,737	-	-	2,244	2,251
Asset retirement obligation regulatory expense difference <sup>(a)</sup>	1,571	644	22	28	(1)	(1)	-	-	1,592	671
Accrued decommissioning, dismantlement and other accrued asset removal costs	<u>\$ 2,835<sup>(b)</sup></u>	<u>\$ 2,597<sup>(b)</sup></u>	<u>\$ 377<sup>(b)</sup></u>	<u>\$ 364<sup>(b)</sup></u>	<u>\$ 1,703<sup>(b)</sup></u>	<u>\$ 1,739<sup>(b)</sup></u>	<u>\$ 556</u>	<u>\$ 585</u>	<u>\$ 5,471</u>	<u>\$ 5,285</u>

(a) Regulatory liability on NextEra Energy's and FPL's consolidated balance sheets.

(b) Represents total amount accrued for ratemaking purposes.

NextEra Energy and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to 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. See Note 1 - Asset Retirement Obligations, Note 1 - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 13.

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 2010, indicate that FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage above what is expected to be refunded by the DOE under the spent fuel settlement agreement, is approximately \$6.2 billion, or \$2.3 billion in 2010 dollars. The studies reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units. FPL accrues the cost of dismantling its fossil and solar plants over the expected service life of each unit based on studies filed with the FPSC. Unlike nuclear decommissioning, dismantlement costs are not funded. The most recent studies became effective January 1, 2010. At December 31, 2010, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$860 million, or \$455 million expressed in 2010 dollars. The majority of the dismantlement costs are not considered AROs. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. Any differences between the ARO amount recorded and the amount recorded for ratemaking purposes are reported as a regulatory liability in accordance with regulatory accounting.

NextEra Energy Resources records a liability for the present value of its expected decommissioning costs which is determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2010, the ARO for nuclear decommissioning of NextEra Energy Resources' nuclear plants totaled approximately \$478 million. NextEra Energy Resources' portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under the spent fuel settlement agreement, is estimated to be approximately \$9.5 billion, or \$1.8 billion expressed in 2010 dollars.

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and fossil and solar 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. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and ultimately decommissioned and how costs will escalate with inflation. In addition, NextEra Energy and FPL also make interest rate and rate of return projections on their investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, NextEra Energy and FPL are 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 NextEra Energy's and FPL's ARO as of December 31, 2010 by \$133 million and \$82 million, respectively.

*Regulatory Accounting* - Accounting guidance allows regulators to 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, fuel and 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 regulatory accounting is assessed at each reporting period.

NextEra Energy's and FPL's regulatory assets and liabilities are as follows:

	NextEra Energy		FPL	
	December 31,		December 31,	
	2010	2009	2010	2009
	(millions)			
Regulatory assets:				
Current:				
Deferred clause and franchise expenses	\$ 368	\$ 69	\$ 368	\$ 69
Derivatives	\$ 236	\$ 68	\$ 236	\$ 68
Other	\$ 82	\$ 72	\$ 76	\$ 69
Noncurrent:				
Securitized storm-recovery costs	\$ 581	\$ 644	\$ 581	\$ 644
Other	\$ 329	\$ 265	\$ 293	\$ 214
Regulatory liabilities:				
Current:				
Deferred clause and franchise revenues	\$ 47	\$ 377	\$ 47	\$ 377
Other	\$ 4	\$ 2	\$ -	\$ -
Noncurrent:				
Accrued asset removal costs	\$ 2,244	\$ 2,251	\$ 2,244	\$ 2,251
Asset retirement obligation regulatory expense difference	\$ 1,592	\$ 671	\$ 1,592	\$ 671
Other	\$ 423	\$ 260	\$ 377	\$ 244

All regulatory assets and liabilities are included in rate base or otherwise earn (pay) a return on investment during the recovery period. See Note 1 for a discussion of NextEra Energy's and FPL's other significant accounting policies.

## Energy Marketing and Trading and Market Risk Sensitivity

*Energy Marketing and Trading* - Certain of NextEra Energy's subsidiaries, including FPL and NextEra Energy Resources, use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NextEra Energy, through NextEra Energy Resources, uses derivatives to optimize the value of power generation assets. NextEra Energy Resources provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements.

Derivative instruments, when required to be marked to market, are recorded on NextEra Energy's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause or the capacity clause. For NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied 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 NextEra Energy's consolidated statements of income. See Note 3.

The changes in the fair value of NextEra Energy's consolidated subsidiaries' energy contract derivative instruments were as follows:

	Hedges on Owned Assets				NextEra Energy Total
	Trading	Non- Qualifying	OCI (millions)	FPL Cost Recovery Clauses	
Fair value of contracts outstanding at December 31, 2008	\$ 56	\$ 143	\$ 114	\$ (1,108)	\$ (795)
Reclassification to realized at settlement of contracts	(160)	(208)	(180)	1,734	1,186
Effective portion of changes in fair value recorded in OCI	-	-	197	-	197
Ineffective portion of changes in fair value recorded in earnings	-	28	-	-	28
Changes in fair value excluding reclassification to realized	143	163	-	(690)	(384)
Fair value of contracts outstanding at December 31, 2009	39	126	131	(64)	232
Reclassification to realized at settlement of contracts	(98)	(126)	(102)	492	166
Inception value of new contracts	108	(45)	-	-	63
Effective portion of changes in fair value recorded in OCI	-	-	20	-	20
Ineffective portion of changes in fair value recorded in earnings	-	1	-	-	1
Changes in fair value excluding reclassification to realized	76	457	-	(664)	(131)
Fair value of contracts outstanding at December 31, 2010	125	413	49	(236)	351
Net option premium payments (receipts)	(101)	9	-	-	(92)
Net margin cash collateral paid	-	-	-	-	29
Total mark-to-market energy contract net assets (liabilities) at December 31, 2010	<u>\$ 24</u>	<u>\$ 422</u>	<u>\$ 49</u>	<u>\$ (236)</u>	<u>\$ 288</u>

NextEra Energy's total mark-to-market energy contract net assets (liabilities) at December 31, 2010 shown above are included in the consolidated balance sheets as follows:

	December 31, 2010 (millions)
Current derivative assets	\$ 453
Noncurrent other assets	487
Current derivative liabilities	(468)
Noncurrent derivative liabilities	(184)
NextEra Energy's total mark-to-market energy contract net assets	<u>\$ 288</u>

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2010 were as follows:

	Maturity						Total
	2011	2012	2013	2014 (millions)	2015	Thereafter	
Trading:							
Quoted prices in active markets for identical assets	\$ 8	\$ (31)	\$ (42)	\$ -	\$ -	\$ -	\$ (65)
Significant other observable inputs	(127)	(30)	27	2	3	4	(121)
Significant unobservable inputs	146	40	26	(2)	-	-	210
Total	<u>27</u>	<u>(21)</u>	<u>11</u>	<u>-</u>	<u>3</u>	<u>4</u>	<u>24</u>
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	(27)	(18)	(1)	-	-	-	(46)
Significant other observable inputs	156	118	29	22	26	38	389
Significant unobservable inputs	26	27	12	7	8	(1)	79
Total	<u>155</u>	<u>127</u>	<u>40</u>	<u>29</u>	<u>34</u>	<u>37</u>	<u>422</u>
Owned Assets - OCI:							
Quoted prices in active markets for identical assets	30	15	-	-	-	-	45
Significant other observable inputs	11	(7)	-	-	-	-	4
Significant unobservable inputs	-	-	-	-	-	-	-
Total	<u>41</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	-	-	-	-	-	-	-
Significant other observable inputs	(243)	-	-	-	-	-	(243)
Significant unobservable inputs	7	-	-	-	-	-	7
Total	<u>(236)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236)</u>
Total sources of fair value	<u>\$ (13)</u>	<u>\$ 114</u>	<u>\$ 51</u>	<u>\$ 29</u>	<u>\$ 37</u>	<u>\$ 41</u>	<u>\$ 259</u>

**Market Risk Sensitivity** - Financial instruments and positions affecting the financial statements of NextEra Energy 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, equity prices or currency exchange rates over the next year. With respect to certain debt issuances and borrowings, Capital Holdings has entered into three cross currency swaps, two to hedge against currency movements with respect to both interest and principal payments and one to hedge against currency and interest rate movements with respect to both interest and principal payments. At December 31, 2010 and 2009, the fair value of these cross currency swaps was approximately \$44 million and \$(1) million, respectively. Management has established risk management policies to monitor and manage market risks. With respect to commodities, NextEra Energy'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.

NextEra Energy 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. NextEra Energy 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. NextEra Energy'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** - NextEra Energy 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, 2010 and 2009, the VaR figures are as follows:

	Trading			Non-Qualifying Hedges and Hedges in OCI and FPL Cost Recovery Clauses <sup>(a)</sup>			Total		
	FPL	NextEra Energy Resources	NextEra Energy	FPL	NextEra Energy Resources (millions)	NextEra Energy	FPL	NextEra Energy Resources	NextEra Energy
December 31, 2009	\$ -	\$ 2	\$ 2	\$ 61	\$ 51	\$ 25	\$ 61	\$ 51	\$ 25
December 31, 2010	\$ -	\$ 3	\$ 3	\$ 51	\$ 21	\$ 35	\$ 51	\$ 23	\$ 36
Average for the period ended December 31, 2010	\$ -	\$ 4	\$ 4	\$ 48	\$ 32	\$ 29	\$ 48	\$ 34	\$ 29

(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** - NextEra Energy and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NextEra Energy 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 NextEra Energy's and FPL's financial instruments:

	December 31, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Fixed income securities:				
Special use funds	\$ 1,701	\$ 1,701 <sup>(a)</sup>	\$ 1,685	\$ 1,685 <sup>(a)</sup>
Other investments	\$ 114	\$ 114 <sup>(a)</sup>	\$ 104	\$ 104 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 19,929	\$ 20,756 <sup>(b)</sup>	\$ 16,869	\$ 17,256 <sup>(b)</sup>
Interest rate swaps - net unrealized losses	\$ (16)	\$ (16) <sup>(c)</sup>	\$ (17)	\$ (17) <sup>(c)</sup>
FPL:				
Fixed income securities - special use funds	\$ 1,375	\$ 1,375 <sup>(a)</sup>	\$ 1,384	\$ 1,384 <sup>(a)</sup>
Long-term debt, including current maturities	\$ 6,727	\$ 7,236 <sup>(b)</sup>	\$ 5,836	\$ 6,055 <sup>(b)</sup>

(a) Based on quoted market prices for these or similar issues.

(b) Based on market prices provided by external sources.

(c) Based on market prices modeled internally.

The special use funds of NextEra Energy and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NextEra Energy'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 NextEra Energy's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2030 (2032 at FPL).

NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. At December 31, 2010, the estimated fair value for NextEra Energy's interest rate swaps was as follows:

Notional Amount (millions)	Effective Date	Maturity Date	Rate Paid	Rate Received	Estimated Fair Value (millions)
Fair value hedges - Capital Holdings:					
\$ 300	June 2008	September 2011	Variable <sup>(a)</sup>	5.625%	\$ 8
\$ 250	May 2010	November 2013	Variable <sup>(b)</sup>	2.55%	4
\$ 400	August 2010	September 2015	Variable <sup>(c)</sup>	2.60%	(9)
Total fair value hedges					<u>3</u>
Cash flow hedges:					
NextEra Energy Resources:					
\$ 43	December 2003	December 2017	4.245%	Variable <sup>(d)</sup>	(3)
\$ 14	April 2004	December 2017	3.845%	Variable <sup>(d)</sup>	(1)
\$ 150	December 2005	November 2019	4.905%	Variable <sup>(d)</sup>	(14)
\$ 384	January 2007	January 2022	5.390%	Variable <sup>(e)</sup>	(42)
\$ 83	January 2008	September 2011	3.2050%	Variable <sup>(d)</sup>	(2)
\$ 321	January 2009	December 2016	2.680%	Variable <sup>(d)</sup>	(7)
\$ 124	January 2009 <sup>(f)</sup>	December 2023	3.725%	Variable <sup>(d)</sup>	3
\$ 85	January 2009	December 2023	2.578%	Variable <sup>(g)</sup>	3
\$ 19	March 2009	December 2016	2.655%	Variable <sup>(d)</sup>	-
\$ 7	March 2009 <sup>(f)</sup>	December 2023	3.960%	Variable <sup>(d)</sup>	-
\$ 308	May 2009	May 2017	3.015%	Variable <sup>(d)</sup>	(10)
\$ 106	May 2009 <sup>(f)</sup>	May 2024	4.663%	Variable <sup>(d)</sup>	1
\$ 128	December 2009	December 2019	3.830%	Variable <sup>(d)</sup>	(7)
\$ 52	December 2009 <sup>(f)</sup>	September 2021	5.500%	Variable <sup>(d)</sup>	-
\$ 250	April 2010	January 2027	4.040%	Variable <sup>(e)</sup>	(15)
\$ 283	October 2010	September 2028	2.822%	Variable <sup>(d)</sup>	15
\$ 201	December 2010	January 2018	2.313%	Variable <sup>(e)</sup>	(2)
Capital Holdings:					
\$ 250	October 2010 <sup>(f)</sup>	June 2021	2.744%	Variable <sup>(d)</sup>	21
\$ 250	October 2010 <sup>(f)</sup>	September 2021	2.819%	Variable <sup>(d)</sup>	21
\$ 250	October 2010 <sup>(f)</sup>	June 2023	3.479%	Variable <sup>(d)</sup>	20
Total cash flow hedges					<u>(19)</u>
Total interest rate swaps					<u>\$ (16)</u>

(a) Three-month London InterBank Offered Rate (LIBOR) plus 1.18896%.

(b) Three-month LIBOR plus 0.4726%

(c) Three-month LIBOR plus 0.7980%

(d) Three-month LIBOR.

(e) Six-month LIBOR.

(f) Exchange of payments does not begin until December 2016, December 2016, May 2017, December 2019, June 2011, September 2011 and June 2013, respectively.

(g) Three-month Banker's Acceptance Rate.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NextEra Energy's net liabilities would increase by approximately \$962 million (\$385 million for FPL) at December 31, 2010.

Equity price risk - Included in the nuclear decommissioning reserve funds of NextEra Energy are marketable equity securities carried at their market value of approximately \$2,041 million and \$1,705 million (\$1,262 million and \$1,024 million for FPL) at December 31, 2010 and 2009, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a \$186 million (\$116 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 NextEra Energy's non-rate regulated operations, at December 31, 2010.

Credit risk - For all derivative and contractual transactions, NextEra Energy'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 NextEra Energy'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 margin 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. NextEra Energy's policy is to have master netting agreements in place with significant counterparties.

Based on NextEra Energy's policies and risk exposures related to credit, NextEra Energy and FPL do not anticipate a material adverse effect on their financial positions as a result of counterparty nonperformance. As of December 31, 2010, approximately 99% of NextEra Energy'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**

NextEra Energy, Inc.'s (NextEra Energy) 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 NextEra Energy and FPL and their 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. NextEra Energy's written policies include a Code of Business Conduct & Ethics that states management's policy on conflicts 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 independent 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.

Management assessed the effectiveness of NextEra Energy's and FPL's internal control over financial reporting as of December 31, 2010, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control - Integrated Framework. Based on this assessment, management believes that NextEra Energy's and FPL's internal control over financial reporting was effective as of December 31, 2010.

NextEra Energy's and FPL's independent registered public accounting firm, Deloitte & Touche LLP, is engaged to express an opinion on NextEra Energy's and FPL's consolidated financial statements and an opinion on NextEra Energy'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. These reports appear on the following pages.

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**LEWIS HAY, III**

Lewis Hay, III  
Chairman and Chief Executive Officer of NextEra Energy  
and Chairman of the Board of FPL

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**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance and Chief  
Financial Officer of NextEra Energy and FPL

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**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer of FPL

---

**CHRIS N. FROGGATT**

Chris N. Froggatt  
Vice President, Controller and Chief Accounting Officer  
of NextEra Energy

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**KIMBERLY OUSDAHL**

Kimberly Ousdahl  
Vice President, Controller and Chief Accounting Officer of  
FPL

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
NextEra Energy, Inc. and Florida Power & Light Company:

We have audited the internal control over financial reporting of NextEra Energy, Inc. and subsidiaries (NextEra Energy) (formerly FPL Group, Inc.) and Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. NextEra Energy's and FPL's management are responsible for maintaining effective internal control over financial reporting and for their assessments of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on NextEra Energy'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 audits 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

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, NextEra Energy and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, 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, 2010 of NextEra Energy and FPL and our report dated February 25, 2011 expressed an unqualified opinion on those financial statements.

DELOITTE & TOUCHE LLP  
Certified Public Accountants

Miami, Florida  
February 25, 2011

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
NextEra Energy, Inc. and Florida Power & Light Company:

We have audited the accompanying consolidated balance sheets of NextEra Energy, Inc. and subsidiaries (NextEra Energy) (formerly FPL Group, Inc.) and the separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2010 and 2009, and the related consolidated statements of income, NextEra Energy's common shareholders' equity, FPL's common shareholder's equity and cash flows for each of the three years in the period ended December 31, 2010. 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 audits 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 NextEra Energy and FPL at December 31, 2010 and 2009, and the respective results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NextEra Energy's and FPL's internal control over financial reporting as of December 31, 2010, 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 25, 2011 expressed an unqualified opinion on NextEra Energy's and FPL's internal control over financial reporting.

DELOITTE & TOUCHE LLP  
Certified Public Accountants

Miami, Florida  
February 25, 2011

**NEXTERA ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(millions, except per share amounts)

	Years Ended December 31,		
	2010	2009	2008
OPERATING REVENUES	\$ 15,317	\$ 15,643	\$ 16,410
OPERATING EXPENSES			
Fuel, purchased power and interchange	6,242	7,405	8,412
Other operations and maintenance	2,877	2,649	2,527
Depreciation and amortization	1,807	1,765	1,442
Taxes other than income taxes and other	1,148	1,230	1,204
Total operating expenses	<u>12,074</u>	<u>13,049</u>	<u>13,585</u>
OPERATING INCOME	<u>3,243</u>	<u>2,594</u>	<u>2,825</u>
OTHER INCOME (DEDUCTIONS)			
Interest expense	(979)	(849)	(813)
Equity in earnings of equity method investees	58	52	93
Allowance for equity funds used during construction	37	53	35
Interest income	91	78	72
Gains on disposal of assets - net	67	60	18
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(16)	(58)	(148)
Other - net	<u>(12)</u>	<u>12</u>	<u>7</u>
Total other deductions - net	<u>(754)</u>	<u>(652)</u>	<u>(736)</u>
INCOME BEFORE INCOME TAXES	2,489	1,942	2,089
INCOME TAXES	<u>532</u>	<u>327</u>	<u>450</u>
NET INCOME	<u>\$ 1,957</u>	<u>\$ 1,615</u>	<u>\$ 1,639</u>
Earnings per share of common stock:			
Basic	\$ 4.77	\$ 3.99	\$ 4.10
Assuming dilution	\$ 4.74	\$ 3.97	\$ 4.07
Dividends per share of common stock	\$ 2.00	\$ 1.89	\$ 1.78
Weighted-average number of common shares outstanding:			
Basic	410.3	404.4	400.1
Assuming dilution	413.0	407.2	402.7

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NEXTERA ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(millions)

	December 31,	
	2010	2009
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric utility plant in service and other property	\$ 48,841	\$ 46,330
Nuclear fuel	1,539	1,414
Construction work in progress	3,841	2,425
Less accumulated depreciation and amortization	(15,146)	(14,091)
Total property, plant and equipment - net (\$2,398 related to VIEs at December 31, 2010)	<u>39,075</u>	<u>36,078</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	302	238
Customer receivables, net of allowances of \$20 and \$23, respectively	1,509	1,431
Other receivables, net of allowances of \$1 and \$1, respectively	1,073	816
Materials, supplies and fossil fuel inventory	857	877
Regulatory assets:		
Deferred clause and franchise expenses	368	69
Derivatives	236	68
Other	82	72
Derivatives	506	357
Other	325	409
Total current assets	<u>5,258</u>	<u>4,337</u>
<b>OTHER ASSETS</b>		
Special use funds	3,742	3,390
Other investments	971	935
Prepaid benefit costs	1,259	1,184
Regulatory assets:		
Securitized storm-recovery costs (\$356 related to a VIE at December 31, 2010)	581	644
Other	329	265
Other	1,779	1,625
Total other assets	<u>8,661</u>	<u>8,043</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,994</u>	<u>\$ 48,458</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 4	\$ 4
Additional paid-in capital	5,418	5,055
Retained earnings	8,873	7,739
Accumulated other comprehensive income	166	169
Total common shareholders' equity	<u>14,461</u>	<u>12,967</u>
Long-term debt (\$1,338 related to VIEs at December 31, 2010)	<u>18,013</u>	<u>16,300</u>
Total capitalization	<u>32,474</u>	<u>29,267</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	889	2,020
Current maturities of long-term debt	1,920	569
Accounts payable	1,124	992
Customer deposits	634	613
Accrued interest and taxes	462	466
Regulatory liabilities:		
Deferred clause and franchise revenues	47	377
Other	4	2
Derivatives	536	221
Accrued construction-related expenditures	371	476
Other	917	713
Total current liabilities	<u>6,904</u>	<u>6,449</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,639	2,418
Accumulated deferred income taxes	5,109	4,860
Regulatory liabilities:		
Accrued asset removal costs	2,244	2,251
Asset retirement obligation regulatory expense difference	1,592	671
Other	423	260
Derivatives	243	170
Deferral related to differential membership interests (\$949 related to VIEs at December 31, 2010)	949	700
Other	1,417	1,412
Total other liabilities and deferred credits	<u>13,616</u>	<u>12,742</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 52,994</u>	<u>\$ 48,458</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NEXTERA ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)

	Years Ended December 31,		
	2010	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 1,957	\$ 1,615	\$ 1,639
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,807	1,765	1,442
Nuclear fuel amortization	285	239	201
Unrealized (gains) losses on marked to market energy contracts	(386)	59	(337)
Deferred income taxes	511	273	569
Cost recovery clauses and franchise fees	(629)	624	(111)
Changes in prepaid option premiums and derivative settlements	86	(11)	(12)
Equity in earnings of equity method investees	(58)	(52)	(93)
Distributions of earnings from equity method investees	74	69	124
Allowance for equity funds used during construction	(37)	(53)	(35)
Gains on disposal of assets - net	(67)	(60)	(18)
Other than temporary impairment losses on securities held in nuclear decommissioning funds	16	58	148
Changes in operating assets and liabilities:			
Customer receivables	(73)	18	49
Other receivables	(29)	(13)	(26)
Materials, supplies and fossil fuel inventory	22	85	(106)
Other current assets	(52)	9	(31)
Other assets	42	(103)	(166)
Accounts payable	179	(86)	(120)
Customer deposits	21	38	37
Margin cash collateral	61	(110)	49
Income taxes	56	8	(17)
Interest and other taxes	(3)	22	30
Other current liabilities	76	(45)	189
Other liabilities	(63)	(5)	(61)
Other - net	38	119	59
Net cash provided by operating activities	<u>3,834</u>	<u>4,463</u>	<u>3,403</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures of FPL	(2,605)	(2,522)	(2,234)
Independent power and other investments of NextEra Energy Resources	(2,899)	(3,068)	(2,715)
Cash grants under the American Recovery and Reinvestment Act of 2009	588	100	-
Funds received from a spent fuel settlement	44	86	-
Nuclear fuel purchases	(274)	(362)	(247)
Other capital expenditures	(68)	(54)	(40)
Proceeds from sale of securities in special use funds	6,726	4,592	2,235
Purchases of securities in special use funds	(6,835)	(4,710)	(2,315)
Proceeds from sale of other securities	721	773	28
Purchases of other securities	(714)	(782)	(84)
Funding of loan	-	-	(500)
Other - net	32	12	64
Net cash used in investing activities	<u>(5,284)</u>	<u>(5,935)</u>	<u>(5,808)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuances of long-term debt	3,724	3,220	3,827
Retirements of long-term debt	(769)	(1,635)	(1,358)
Proceeds from sale of differential membership interests	261	-	-
Net change in short-term debt	(1,130)	154	848
Issuances of common stock - net	308	198	41
Dividends on common stock	(823)	(766)	(714)
Other - net	(57)	4	6
Net cash provided by financing activities	<u>1,514</u>	<u>1,175</u>	<u>2,650</u>
Net increase (decrease) in cash and cash equivalents	64	(297)	245
Cash and cash equivalents at beginning of year	238	535	290
Cash and cash equivalents at end of year	<u>\$ 302</u>	<u>\$ 238</u>	<u>\$ 535</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for interest (net of amount capitalized)	\$ 916	\$ 805	\$ 764
Cash paid for income taxes - net	\$ 20	\$ 61	\$ 4
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Assumption of debt in connection with the purchase of independent power projects	\$ 35	\$ -	\$ 31
Accrued property additions	\$ 545	\$ 683	\$ 448

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NEXTERA ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY**  
(millions)

	Common Stock <sup>(a)</sup>		Additional Paid-In Capital	Unearned ESOP Compensation	Accumulated Other Comprehensive Income (Loss) <sup>(b)</sup>	Retained Earnings	Common Shareholders' Equity
	Shares	Aggregate Par Value					
Balances, December 31, 2007	407	\$ 4	\$ 4,784	\$ (114)	\$ 116	\$ 5,945	<u>\$ 10,735</u>
Net income	-	-	-	-	-	1,639	
Issuances of common stock, net of issuance cost of less than \$1	1	-	38	4	-	-	
Exercise of stock options and other incentive plan activity	1	-	53	-	-	-	
Dividends on common stock	-	-	-	-	-	(714)	
Earned compensation under ESOP	-	-	30	10	-	-	
Other comprehensive income	-	-	-	-	40	-	
Defined benefit pension and other benefits plans	-	-	-	-	(167)	-	
Implementation of new accounting rules	-	-	-	-	(2)	15	
Balances, December 31, 2008	409 <sup>(c)</sup>	4	4,905	(100)	(13)	6,885	<u>\$ 11,681</u>
Net income	-	-	-	-	-	1,615	
Issuances of common stock, net of issuance cost of approximately \$2	4	-	204	4	-	-	
Exercise of stock options and other incentive plan activity	1	-	56	-	-	-	
Dividends on common stock	-	-	-	-	-	(766)	
Earned compensation under ESOP	-	-	30	11	-	-	
Other comprehensive income	-	-	-	-	165	-	
Defined benefit pension and other benefits plans	-	-	-	-	22	-	
Premium on publicly-traded equity units known as Corporate Units	-	-	(47)	-	-	-	
Unamortized issuance costs on publicly-traded equity units known as Corporate Units	-	-	(8)	-	-	-	
Implementation of new accounting rules	-	-	-	-	(5)	5	
Balances, December 31, 2009	414 <sup>(c)</sup>	4	5,140	(85)	169	7,739	<u>\$ 12,967</u>
Net income	-	-	-	-	-	1,957	
Issuances of common stock, net of issuance cost of approximately \$2	6	-	279	5	-	-	
Exercise of stock options and other incentive plan activity	1	-	107	-	-	-	
Dividends on common stock	-	-	-	-	-	(823)	
Earned compensation under ESOP	-	-	26	11	-	-	
Other comprehensive loss	-	-	-	-	(5)	-	
Defined benefit pension and other benefits plans	-	-	-	-	2	-	
Premium on publicly-traded equity units known as Corporate Units	-	-	(59)	-	-	-	
Unamortized issuance costs on publicly-traded equity units known as Corporate Units	-	-	(6)	-	-	-	
Balances, December 31, 2010	421 <sup>(c)</sup>	4	5,487	(69)	166	8,873	<u>\$ 14,461</u>

(a) \$0.01 par value, authorized - 800,000,000 shares; outstanding shares 420,861,536, 413,622,436 and 408,915,305 at December 31, 2010, 2009 and 2008, respectively.

(b) Comprehensive income, which includes net income and other comprehensive income (loss), totaled approximately \$1,954 million, \$1,802 million and \$1,512 million for 2010, 2009 and 2008, respectively.

(c) Outstanding and unallocated shares held by the Employee Stock Ownership Plan (ESOP) Trust totaled approximately 5 million, 6 million and 7 million at December 31, 2010, 2009 and 2008, respectively; the original number of shares purchased and held by the ESOP Trust was approximately 25 million shares.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**FLORIDA POWER & LIGHT COMPANY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(millions)

	Years Ended December 31,		
	2010	2009	2008
OPERATING REVENUES	<u>\$ 10,485</u>	<u>\$ 11,491</u>	<u>\$ 11,649</u>
OPERATING EXPENSES			
Fuel, purchased power and interchange	4,982	6,220	6,749
Other operations and maintenance	1,620	1,496	1,438
Depreciation and amortization	1,008	1,097	860
Taxes other than income taxes and other	<u>1,026</u>	<u>1,097</u>	<u>1,073</u>
Total operating expenses	<u>8,636</u>	<u>9,910</u>	<u>10,120</u>
OPERATING INCOME	<u>1,849</u>	<u>1,581</u>	<u>1,529</u>
OTHER INCOME (DEDUCTIONS)			
Interest expense	(361)	(318)	(334)
Allowance for equity funds used during construction	36	53	35
Other - net	<u>1</u>	<u>(12)</u>	<u>2</u>
Total other deductions - net	<u>(324)</u>	<u>(277)</u>	<u>(297)</u>
INCOME BEFORE INCOME TAXES	1,525	1,304	1,232
INCOME TAXES	<u>580</u>	<u>473</u>	<u>443</u>
NET INCOME	<u>\$ 945</u>	<u>\$ 831</u>	<u>\$ 789</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**FLORIDA POWER & LIGHT COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(millions)

	December 31,	
	2010	2009
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 29,519	\$ 28,677
Nuclear fuel	729	756
Construction work in progress	2,175	1,549
Less accumulated depreciation and amortization	(10,871)	(10,578)
Electric utility plant - net	<u>21,552</u>	<u>20,404</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	20	83
Customer receivables, net of allowances of \$17 and \$21, respectively	710	838
Other receivables, net of allowances of \$1 and \$1, respectively	395	182
Materials, supplies and fossil fuel inventory	505	529
Regulatory assets:		
Deferred clause and franchise expenses	368	69
Derivatives	236	68
Other	76	69
Other	145	123
Total current assets	<u>2,455</u>	<u>1,961</u>
<b>OTHER ASSETS</b>		
Special use funds	2,637	2,408
Prepaid benefit costs	1,035	1,017
Regulatory assets:		
Securitized storm-recovery costs (\$356 related to a VIE at December 31, 2010)	581	644
Other	293	214
Other	145	164
Total other assets	<u>4,691</u>	<u>4,447</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,698</u>	<u>\$ 26,812</u>
<b>CAPITALIZATION</b>		
Common stock	\$ 1,373	\$ 1,373
Additional paid-in capital	5,054	4,393
Retained earnings	3,364	2,670
Total common shareholder's equity	9,791	8,436
Long-term debt (\$486 related to a VIE at December 31, 2010)	6,682	5,794
Total capitalization	<u>16,473</u>	<u>14,230</u>
<b>CURRENT LIABILITIES</b>		
Commercial paper	101	818
Current maturities of long-term debt	45	42
Accounts payable	554	539
Customer deposits	628	607
Accrued interest and taxes	311	303
Regulatory liabilities - deferred clause and franchise revenues	47	377
Derivatives	245	77
Accrued construction-related expenditures	183	296
Other	394	363
Total current liabilities	<u>2,508</u>	<u>3,422</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Asset retirement obligations	1,083	1,833
Accumulated deferred income taxes	3,835	3,509
Regulatory liabilities:		
Accrued asset removal costs	2,244	2,251
Asset retirement obligation regulatory expense difference	1,592	671
Other	377	244
Other	586	652
Total other liabilities and deferred credits	<u>9,717</u>	<u>9,160</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 28,698</u>	<u>\$ 26,812</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**FLORIDA POWER & LIGHT COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(millions)

	Years Ended December 31,		
	2010	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 945	\$ 831	\$ 789
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,008	1,097	860
Nuclear fuel amortization	137	127	106
Deferred income taxes	419	391	307
Cost recovery clauses and franchise fees	(629)	624	(111)
Allowance for equity funds used during construction	(36)	(53)	(35)
Changes in operating assets and liabilities:			
Customer receivables	127	(42)	11
Other receivables	(43)	42	(11)
Materials, supplies and fossil fuel inventory	23	34	20
Other current assets	(25)	6	(19)
Other assets	40	(62)	(96)
Accounts payable	51	(91)	(71)
Customer deposits	22	37	39
Income taxes	(129)	(132)	175
Interest and other taxes	7	10	9
Other current liabilities	22	(33)	138
Other liabilities	(21)	10	(19)
Other - net	16	75	88
Net cash provided by operating activities	<u>1,934</u>	<u>2,871</u>	<u>2,180</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures	(2,605)	(2,522)	(2,234)
Cash grants under the American Recovery and Reinvestment Act of 2009	161	-	-
Funds received from a spent fuel settlement	32	71	-
Nuclear fuel purchases	(101)	(195)	(133)
Proceeds from sale of securities in special use funds	5,079	3,270	1,454
Purchases of securities in special use funds	(5,160)	(3,349)	(1,512)
Other - net	33	(1)	(2)
Net cash used in investing activities	<u>(2,561)</u>	<u>(2,726)</u>	<u>(2,427)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuances of long-term debt	924	516	589
Retirements of long-term debt	(42)	(263)	(241)
Net change in short-term debt	(717)	45	(69)
Capital contribution from NextEra Energy	660	-	75
Dividends	(250)	(485)	(50)
Other - net	(11)	5	-
Net cash provided by (used in) financing activities	<u>564</u>	<u>(182)</u>	<u>304</u>
Net increase (decrease) in cash and cash equivalents	(63)	(37)	57
Cash and cash equivalents at beginning of year	83	120	63
Cash and cash equivalents at end of year	<u>\$ 20</u>	<u>\$ 83</u>	<u>\$ 120</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for interest (net of amount capitalized)	\$ 321	\$ 305	\$ 320
Cash paid (received) for income taxes - net	\$ 291	\$ 232	\$ (11)
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Accrued property additions	\$ 275	\$ 418	\$ 315

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<sup>(a)</sup>**  
(millions)

	Common Stock <sup>(b)</sup>	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2007	\$ 1,373	\$ 4,318	\$ 1,584	<u>\$ 7,275</u>
Net income	-	-	789	
Capital contributions from NextEra Energy	-	75	-	
Dividends to NextEra Energy	-	-	(50)	
Balances, December 31, 2008	<u>1,373</u>	<u>4,393</u>	<u>2,323</u>	<u>\$ 8,089</u>
Net income	-	-	831	
Dividends to NextEra Energy	-	-	(485)	
Other	-	-	1	
Balances, December 31, 2009	<u>1,373</u>	<u>4,393</u>	<u>2,670</u>	<u>\$ 8,436</u>
Net income	-	-	945	
Capital contributions from NextEra Energy	-	660	-	
Dividends to NextEra Energy	-	-	(250)	
Other	-	1	(1)	
Balances, December 31, 2010	<u>\$ 1,373</u>	<u>\$ 5,054</u>	<u>\$ 3,364</u>	<u>\$ 9,791</u>

(a) FPL's comprehensive income is the same as reported net income.

(b) No par value, 1,000 shares authorized, issued and outstanding.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2010, 2009 and 2008**

**1. Summary of Significant Accounting and Reporting Policies**

*Basis of Presentation* - The operations of NextEra Energy, Inc. (NextEra Energy), formerly known as FPL Group, Inc., are conducted primarily through its wholly-owned subsidiary Florida Power & Light Company (FPL) and its wholly-owned indirect subsidiary NextEra Energy Resources, LLC (NextEra Energy Resources). FPL, a rate-regulated public utility, supplies electric service to approximately 4.5 million customer accounts throughout most of the east and lower west coasts of Florida. NextEra Energy Resources 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 NextEra Energy and FPL include the accounts of their respective majority-owned and controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. See Note 15 for a discussion of a change in allocation of certain costs. 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 guidance that allows regulators to 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. Beginning in 2009, pre-construction costs and carrying charges for FPL's two additional nuclear units at Turkey Point and carrying charges on construction costs for FPL's approximately 400 megawatt (mw) to 460 mw of additional capacity at St. Lucie and Turkey Point are also recovered through a cost recovery clause. Also beginning in 2009, costs incurred for FPL's three solar generating facilities are recovered through a cost recovery clause. Once the new combined-cycle natural gas unit at FPL's West County Energy Center (WCEC) Unit No. 3 is placed into service, the incremental cost associated with the new unit up to the amount of the projected fuel savings for customers during the 2010 rate agreement will also be recovered through a cost recovery clause and recorded as retail base revenues. See Revenues and Rates below. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net underrecovery or overrecovery. Any underrecovered costs or overrecovered revenues are collected from or returned to customers in subsequent periods.

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. The continued applicability of regulatory accounting 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 \$148 million and \$121 million at December 31, 2010 and 2009, respectively. FPL's operating revenues also include amounts resulting from cost recovery clauses (see Regulation), franchise fees, gross receipts taxes and surcharges related to storm-recovery bonds (see Note 9 - FPL). 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 and other on NextEra Energy's and FPL's consolidated statements of income and were approximately \$687 million, \$791 million and \$781 million in 2010, 2009 and 2008, respectively. The revenues from the surcharges related to storm-recovery bonds included in operating revenues on NextEra Energy's and FPL's consolidated statements of income were approximately \$101 million, \$91 million and \$97 million in 2010, 2009 and 2008, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on NextEra Energy's and FPL's consolidated balance sheets.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Effective March 1, 2010, pursuant to an FPSC final order (FPSC rate order) with regard to FPL's March 2009 petition (2009 rate case) that requested, among other things, a permanent base rate increase, new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately \$75 million on an annualized basis. The FPSC rate order also established a regulatory return on common equity (ROE) of 10.0% with a range of plus or minus 100 basis points and an adjusted regulatory equity ratio of 59.1%, and shifted certain costs from retail base rates to the capacity clause. In addition, the FPSC rate order directed FPL to reduce depreciation expense (surplus depreciation credit) over the 2010 to 2013 period related to a depreciation reserve surplus of approximately \$895 million. Subsequently, the principal parties in FPL's 2009 rate case signed a stipulation and settlement regarding FPL's base rates (2010 rate agreement) and, on February 1, 2011, the FPSC issued a final order reflecting its decision to approve the 2010 rate agreement. Key elements of the 2010 rate agreement, which will be effective through December 31, 2012, are as follows:

- Subject to the provisions of the 2010 rate agreement, retail base rates will be effectively frozen through the end of 2012.
- Incremental cost recovery through FPL's capacity cost recovery clause (capacity clause) for WCEC Unit No. 3, which is expected to be placed in service by mid-2011, will be permitted up to the amount of the projected fuel savings for customers during the term of the 2010 rate agreement.
- Future storm restoration costs would be recoverable on an accelerated basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that produces a surcharge of no more than \$4 for every 1,000 kilowatt-hours (kwh) of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed \$800 million in any given calendar year, FPL may request an increase to the \$4 surcharge for the amount above \$800 million.
- If FPL's earned regulatory ROE falls below 9%, FPL may seek retail base rate relief. If FPL's earned regulatory ROE rises above 11%, any party to the 2010 rate agreement may seek a reduction in FPL's retail base rates. In determining the regulatory ROE for all purposes under the 2010 rate agreement, earnings will be calculated on an actual, non-weather-adjusted basis.
- FPL can vary the amount of surplus depreciation credit taken in any calendar year up to a cap in 2010 of \$267 million, a cap in subsequent years of \$267 million plus the amount of any unused portion from prior years, and a cap of \$776 million (surplus depreciation credit cap) over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement, including 2010, FPL must use at least enough surplus depreciation credit to maintain a 9% earned regulatory ROE but may not use any amount of surplus depreciation credit that would result in an earned regulatory ROE in excess of 11%.

NextEra Energy's and FPL's financial statements contained herein reflect the effects of the FPSC rate order and the 2010 rate agreement.

Under the terms of a rate agreement approved in 2005 (2005 rate agreement), which was in effect from January 1, 2006 through February 28, 2010, retail base rates did not increase except to allow recovery of the revenue requirements of FPL's three power plants that achieved commercial operation during the term of the 2005 rate agreement: Turkey Point Unit No. 5 in 2007 and WCEC Units Nos. 1 and 2 in 2009. Under the terms of the 2005 rate agreement, FPL's electric property depreciation rates were based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL reduced depreciation on its plant in service by \$125 million each year as allowed by the 2005 rate agreement. The 2005 rate agreement also provided for a revenue sharing mechanism, whereby revenues from retail base operations in excess of certain thresholds would be shared with customers. During the term of the 2005 rate agreement, FPL's revenues did not exceed the thresholds.

NextEra Energy Resources' revenue is recorded on the basis of commodities delivered, contracts settled or services rendered, and includes estimated amounts yet to be billed to customers. Certain commodity contracts for the purchase and sale of power that meet the definition of a derivative are recorded at fair value with subsequent changes in fair value recognized as revenue, unless hedge accounting is applied. See Energy Trading and Note 3.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Electric Plant, Depreciation and Amortization* - The cost of additions to units of property of FPL and NextEra Energy Resources 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, 2010, the electric generating, transmission, distribution and general facilities of FPL represented approximately 47%, 12%, 37% and 4%, 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 NextEra Energy Resources' generating facilities are encumbered by liens securing various financings. The net book value of NextEra Energy Resources' assets serving as collateral was approximately \$8 billion at December 31, 2010. The American Recovery and Reinvestment Act of 2009, as amended (Recovery Act) provided for an option to elect a cash grant (convertible ITCs) for certain renewable energy property (renewable property). Convertible ITCs are recorded as a reduction in property, plant and equipment on NextEra Energy's and FPL's consolidated balance sheets and are amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. During 2010 and 2009, NextEra Energy recorded convertible ITCs of approximately \$1 billion (\$186 million at FPL) and \$517 million (\$44 million at FPL), respectively, of which \$429 million (\$124 million at FPL) and \$417 million (\$44 million at FPL) are included in other receivables on NextEra Energy's and FPL's consolidated balance sheets at December 31, 2010 and 2009, respectively.

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, nuclear plant decommissioning (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs) and amortization of pre-construction costs associated with planned nuclear units recovered through a cost recovery clause. For substantially all of FPL's property, depreciation studies are performed and filed with the FPSC at least every four years. As part of the FPSC rate order, the FPSC approved new depreciation rates which became effective January 1, 2010. In addition, in accordance with the 2010 rate agreement, FPL can vary the amount of surplus depreciation credit taken in any calendar year up to a maximum of \$267 million (with any unused portion of the maximum rolling over to and available in subsequent years), provided its regulatory ROE remains within the range of 9% to 11%; FPL may use up to a maximum of \$776 million in surplus depreciation credit over the course of the 2010 rate agreement. As of December 31, 2010, approximately \$772 million of the surplus depreciation credit cap remains. Under the terms of the 2005 rate agreement, FPL's electric property depreciation rates were based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however FPL reduced depreciation by \$125 million annually as was allowed by the 2005 rate agreement. The weighted annual composite depreciation rate for FPL's electric plant in service, including capitalized software, but excluding the effects of decommissioning, dismantlement and the depreciation adjustments discussed above, was approximately 3.2% for 2010 and 3.6% for both 2009 and 2008. NextEra Energy Resources' electric plants in service less salvage value, if any, are depreciated primarily using the straight-line method over their estimated useful lives. NextEra Energy Resources' effective depreciation rates, excluding decommissioning, were 4.4%, 4.2% and 4.3% for 2010, 2009 and 2008, respectively.

*Nuclear Fuel* - FPL and NextEra Energy Resources have several contracts for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel. See Note 14 - Contracts. FPL's and NextEra Energy Resources' nuclear fuel costs are charged to fuel expense on a unit of production method. See Note 9 - FPL regarding the leasing of nuclear fuel from a consolidated variable interest entity (VIE) by FPL prior to March 2010.

*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 FPL 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 the period January 2010 through March 2010 and during April 2010 through December 2010, AFUDC was capitalized at a rate of 7.41% and 6.41%, respectively, and amounted to approximately \$50 million for the year. During 2009 and 2008, AFUDC was capitalized at a rate of 7.41% and 7.65%, respectively, and amounted to approximately \$74 million and \$53 million, respectively. See Note 14 - Commitments.

FPL's construction work in progress includes construction materials, progress payments on major equipment contracts, third-party engineering costs, AFUDC 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. Capitalized costs associated with construction activities are charged to O&M expenses when recoverability is no longer probable. See Regulation above for information on recovery of costs associated with new nuclear capacity and solar generating facilities.

NextEra Energy Resources capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of a power plant or sale of development rights. At December 31, 2010 and 2009, NextEra Energy Resources' capitalized development costs totaled approximately \$99 million and \$56 million, respectively, which are included in other assets on NextEra Energy's consolidated balance sheets. These costs include 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 recoverability is no longer probable.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy Resources' construction work in progress includes construction materials, prepayments on turbine generators and other equipment, 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 approximately \$71 million, \$85 million and \$55 million during 2010, 2009 and 2008, respectively. Interest expense allocated from NextEra Energy Capital Holdings, Inc. (Capital Holdings), formerly known as FPL Group Capital Inc, to NextEra Energy Resources is based on a deemed capital structure of 70% debt. Upon commencement of plant operation, costs associated with construction work in progress are transferred to electric utility plant in service and other property.

*Asset Retirement Obligations* - NextEra Energy and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to 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 the asset's estimated 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 and regulatory liability, in the case of FPL. See Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below and Note 13.

*Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs* - For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear, fossil and solar plants over the expected service life of each unit based on nuclear decommissioning and fossil and solar 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. As approved by the FPSC, FPL previously suspended its annual decommissioning accrual. For financial reporting purposes, FPL recognizes decommissioning and dismantlement liabilities in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. Any differences between expense recognized for financial reporting purposes and the amount recoverable through rates are reported as a regulatory liability in accordance with regulatory accounting. See Electric Plant, Depreciation and Amortization, Asset Retirement Obligations and Note 13.

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 2010. These studies reflect FPL's current plans, under the 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 above what is expected to be refunded by the U.S. Department of Energy (DOE) under a spent fuel settlement agreement, to be approximately \$6.2 billion. FPL's portion of the ultimate cost of decommissioning its four units, expressed in 2010 dollars, is estimated by the studies to aggregate \$2.3 billion.

Restricted funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds, which are included in special use funds on NextEra Energy's and FPL's consolidated balance sheets. Marketable securities held in the decommissioning funds are classified as available for sale and are carried at fair value with market adjustments, including any other than temporary impairment losses, resulting in a corresponding adjustment to the related regulatory liability accounts consistent with regulatory treatment. See Note 5. Contributions to the funds have been suspended since 2005. Fund earnings, net of taxes, are reinvested in the funds. Earnings are recognized as income/loss and an offset is recorded to reflect a corresponding increase/decrease in the related regulatory liability accounts. As a result, there is no effect on net income. During 2010, 2009 and 2008, fund earnings on decommissioning funds were approximately \$76 million, \$81 million and \$63 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

Fossil and solar plant dismantlement studies are performed at least every four years and are submitted to the FPSC for approval. FPL's latest fossil and solar plant dismantlement studies became effective January 1, 2010 and resulted in an increase in the annual expense from \$15 million to \$18 million which is recorded in depreciation and amortization expense in NextEra Energy's and FPL's consolidated statements of income. At December 31, 2010, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$860 million, or \$455 million expressed in 2010 dollars.

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NextEra Energy Resources records nuclear decommissioning liabilities for Seabrook Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and Point Beach Nuclear Power Plant (Point Beach) in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete. See Note 13. At December 31, 2010 and 2009, NextEra Energy Resources' ARO related to nuclear decommissioning totaled approximately \$478 million and \$518 million, respectively, and was determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. NextEra Energy Resources' portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately \$9.5 billion, or \$1.8 billion expressed in 2010 dollars.

Seabrook's decommissioning funding plan is based on a comprehensive nuclear decommissioning study filed with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) in 2007 and is effective for four years. Currently, there are no ongoing decommissioning funding requirements for Duane Arnold and Point Beach, however, the U.S. Nuclear Regulatory Commission (NRC) has the authority to require additional funding in the future. NextEra Energy Resources' portion of Seabrook's, Duane Arnold's and Point Beach's restricted funds for the payment of future expenditures to decommission these plants is included in nuclear decommissioning reserve funds, which are included in special use funds on NextEra Energy's consolidated balance sheets. Marketable securities held in the decommissioning funds are classified as available for sale and are carried at fair value. Market adjustments result in a corresponding adjustment to other comprehensive income (OCI), except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds in NextEra Energy'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. See Note 5. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

*Major Maintenance Costs* - FPL uses the accrue-in-advance method for recognizing costs associated with planned major nuclear maintenance, in accordance with regulatory treatment, and records the related accrual as a regulatory liability. FPL expenses costs associated with planned fossil maintenance as incurred. 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 accrued liability for nuclear maintenance costs at December 31, 2010 and 2009 totaled approximately \$58 million and \$47 million, respectively, and is included in regulatory liabilities - other. For the years ended December 31, 2010, 2009 and 2008, FPL recognized approximately \$100 million, \$84 million and \$75 million, respectively, in nuclear maintenance costs which are included in O&M expenses in NextEra Energy's and FPL's consolidated statements of income.

NextEra Energy Resources uses the deferral method to account for certain planned major maintenance costs. NextEra Energy Resources' major maintenance costs for its nuclear generating units and combustion turbines are capitalized and amortized on a unit of production method over the period from the end of the last outage to the beginning of the next planned outage. NextEra Energy Resources' capitalized major maintenance costs, net of accumulated amortization, totaled approximately \$95 million and \$106 million at December 31, 2010 and 2009, respectively, and are included in other assets. For the years ended December 31, 2010, 2009 and 2008, NextEra Energy Resources recognized approximately \$88 million, \$73 million and \$57 million in major maintenance costs which are included in O&M expenses in NextEra Energy's consolidated statements of income.

*Cash Equivalents* - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

*Restricted Cash* - At December 31, 2010 and 2009, NextEra Energy had approximately \$111 million (\$39 million for FPL) and \$134 million (\$33 million for FPL), respectively, of restricted cash included in other current assets on NextEra Energy's and FPL's consolidated balance sheets, which is restricted primarily for margin cash collateral and debt service payments. Where offsetting positions exist, restricted cash related to margin cash collateral is netted against derivative instruments. See Note 3.

*Allowance for Doubtful Accounts* - FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated using a percentage, derived from historical revenue and write-off trends, of the previous five months of revenue. Additional amounts are included in the provision to address specific items that are not considered in the calculation described above. NextEra Energy Resources regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations 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. NextEra Energy Resources' materials, supplies and fossil fuel 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.

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*Energy Trading* - NextEra Energy provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and gas marketing and 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 fair 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 3.

*Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve* - In connection with the 2007 storm-recovery bond financing (see Note 9 - FPL), the net proceeds to FPL from the sale of the storm-recovery property were used primarily to reimburse FPL for its estimated net of tax deficiency in its storm and property insurance reserve (storm reserve) and provide for a storm and property insurance reserve fund (storm fund). Upon the issuance of the storm-recovery bonds, the storm reserve deficiency was reclassified to securitized storm-recovery costs and is recorded as a regulatory asset on NextEra Energy's and FPL's consolidated balance sheets. As storm-recovery charges are billed to customers, the securitized storm-recovery costs are amortized, the amount of which is included in depreciation and amortization on NextEra Energy's and FPL's consolidated statements of income. Marketable securities held in the storm fund are classified as available for sale and are carried at fair value with market adjustments, including any other than temporary impairment losses, resulting in a corresponding adjustment to the storm reserve. Fund earnings, net of taxes, are reinvested in the fund. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes. The storm fund is included in special use funds on NextEra Energy's and FPL's consolidated balance sheets and was approximately \$125 million and \$123 million at December 31, 2010 and 2009, respectively. See Note 5.

The storm reserve that was reestablished in an FPSC financing order related to the issuance of the storm-recovery bonds is not reflected in NextEra Energy's and FPL's consolidated balance sheets as of December 31, 2010 or 2009 because the associated regulatory asset does not meet the specific recognition criteria under regulatory accounting guidance. As a result, the storm reserve will be recognized as a regulatory liability as the storm-recovery charges are billed to customers and charged to depreciation and amortization on NextEra Energy's and FPL's consolidated statements of income. Although NextEra Energy's and FPL's consolidated balance sheets as of December 31, 2010 reflect a storm reserve of approximately \$43 million (included in regulatory liabilities - other on NextEra Energy's and FPL's consolidated balance sheets), FPL had the capacity to absorb up to approximately \$205 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC or filing a petition with the FPSC.

*Impairment of Long-Lived Assets* - NextEra Energy 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. 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.

*Goodwill and Other Intangible Assets* - NextEra Energy's goodwill and other intangible assets are as follows:

	Weighted Average Useful Lives (Years)	December 31, 2010	2009
		(millions)	
Goodwill:			
Merchant reporting unit		\$ 72	\$ 72
Wind reporting unit		45	41
Total goodwill		<u>\$ 117</u>	<u>\$ 113</u>
Other intangible assets:			
Purchase power agreements	19	\$ 87	\$ 87
Customer lists	7	34	28
Other, primarily land and transmission rights, permits and licenses	27	249	216
Total		370	331
Less accumulated amortization		93	78
Total other intangible assets - net		<u>\$ 277</u>	<u>\$ 253</u>

NextEra Energy Resources has recorded goodwill related to various acquisitions which were accounted for using the purchase method of accounting. NextEra Energy Resources' other intangible assets are amortized, primarily on a straight-line basis, over their estimated useful lives. For the years ended December 31, 2010, 2009 and 2008, amortization expense was approximately \$18 million, \$14 million and \$13 million, respectively, and is expected to be approximately \$14 million, \$13 million, \$10 million, \$8 million and \$6 million for 2011, 2012, 2013, 2014 and 2015, respectively.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy Resources' goodwill and other intangible assets are included in other assets on NextEra Energy's consolidated balance sheets. 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.

*Pension and Other Postretirement Plans* - NextEra Energy allocates net periodic pension benefit income to its subsidiaries based on the pensionable earnings of the subsidiaries' employees; net periodic supplemental executive retirement plan (SERP) benefit costs to its subsidiaries based upon actuarial calculations by participant; and postretirement health care and life insurance benefits (other benefits) net periodic benefit costs to its subsidiaries based upon the number of eligible employees at each subsidiary.

NextEra Energy's regulatory assets and liabilities were established in association with the implementation of accounting guidance in a prior year which requires recognition of the funded status of benefit plans in the balance sheet, with changes in the funded status recognized in comprehensive income within shareholders' equity in the year in which the changes occur. Since NextEra Energy 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 accounting guidance were reflected at NextEra Energy and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition obligations that were estimated to be allocable to FPL as net periodic benefit (income) cost in future periods and that otherwise would have been recorded in accumulated other comprehensive income (AOCI) were classified as regulatory assets and liabilities at NextEra Energy in accordance with regulatory treatment.

*Stock-Based Compensation* - NextEra Energy accounts for stock-based payment transactions based on grant-date fair value. Compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. See Note 11 - 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 as a regulatory asset or liability and amortized to interest expense ratably over the remaining life of the original issue, which is consistent with its treatment in the ratemaking process. Capital Holdings recognizes such differences as other income (deductions) at the 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 NextEra Energy 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 used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at the corporate level. Included in other regulatory assets on NextEra Energy's and FPL's consolidated balance sheets is the revenue equivalent of the difference in accumulated deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. This amount totaled \$151 million and \$137 million at December 31, 2010 and 2009, 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 (ITCs) 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, 2010 and 2009, deferred ITCs were approximately \$7 million and \$8 million, respectively, and are included in other regulatory liabilities on NextEra Energy's and FPL's consolidated balance sheets. NextEra Energy Resources recognizes ITCs as a reduction to income tax expense when the related energy property is placed into service. Production tax credits (PTCs) are recognized as wind energy is generated and sold based on a per kwh rate prescribed in applicable federal and state statutes and 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. NextEra Energy and FPL record a deferred income tax benefit created by the convertible ITCs on the difference between the financial statement and tax bases of renewable property. For NextEra Energy Resources, this deferred income tax benefit is recorded in income tax expense in the year that the renewable property is placed in service. For FPL, this deferred income tax benefit is offset by a regulatory liability, which is amortized as a reduction of depreciation expense over the approximate lives of the related renewable property in accordance with the regulatory treatment. At December 31, 2010 and 2009, the net deferred income tax benefits associated with the convertible ITCs were approximately \$58 million and \$14 million, respectively, and are included in other regulatory assets and regulatory liabilities on NextEra Energy's and FPL's consolidated balance sheets. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that such assets will not be realized. All tax positions taken by NextEra Energy in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold. See Note 6.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Sale of Differential Membership Interests* - Certain indirect wholly-owned subsidiaries of NextEra Energy Resources sold their Class B membership interest in entities that have ownership interests in wind facilities to third-party investors. Information related to these sales is as follows:

Date	Proceeds (millions)	Generating Capacity (mw)	Wind Facilities
December 2007	\$705	598	Logan Wind, Mower County Wind, Oliver County Wind I and II, and Peetz Table Wind
April 2010	\$190	170	Ashtabula Wind II and Wilton Wind II
September 2010	\$75 <sup>(a)</sup>	309	Crystal Lake I, Langdon Wind and Langdon Wind II

(a) NextEra Energy will receive future capital contributions from the third-party investor on a semi-annual basis through December 31, 2018 based on the amount of PTCs generated by the facilities. At December 31, 2010, the future capital contributions are expected to total approximately \$207 million based on projected wind generation.

In exchange for the cash received, the holders of the Class B membership interests will receive a portion of the economic attributes of the facilities, including tax attributes, for a variable period. Recognition of the proceeds from the sale of the differential membership interests was deferred and is recorded in deferral related to differential membership interests on NextEra Energy's consolidated balance sheets. The deferred amount is being recognized as an adjustment to taxes other than income taxes and other in NextEra Energy's consolidated statements of income as the Class B members receive their portion of the economic attributes. NextEra Energy continues to operate and manage the wind facilities, and consolidates the entities that own the wind facilities.

*Guarantees* - NextEra Energy's and FPL's payment guarantees and related contracts provided to unconsolidated entities entered into after December 31, 2002, for which it or a subsidiary is the guarantor, are recorded at fair value. See Note 14 - Commitments.

*Variable Interest Entities (VIEs)* - Effective January 1, 2010, NextEra Energy and FPL adopted new accounting guidance which modified the consolidation model in previous guidance and expanded the disclosures related to VIEs. An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity 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. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Upon adoption of this new accounting guidance, neither NextEra Energy nor FPL was required to consolidate any additional VIEs or deconsolidate any VIEs. NextEra Energy and FPL evaluate whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. See Note 9.

## **2. Employee Retirement Benefits**

*Employee Benefit Plans and Other Postretirement Plan* - NextEra Energy sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NextEra Energy and its subsidiaries. NextEra Energy also has a SERP, which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees. The impact of this SERP component is included within pension benefits in the following tables, and was not material to NextEra Energy's financial statements for the years ended December 31, 2010, 2009 and 2008. In addition to pension benefits, NextEra Energy sponsors a contributory postretirement plan for other benefits for retirees of NextEra Energy and its subsidiaries meeting certain eligibility requirements.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Plan Assets, Benefit Obligations and Funded Status - The changes in assets and benefit obligations of the plans and the plans' funded status are as follows:

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
	(millions)			
Change in plan assets:				
Fair value of plan assets at January 1	\$ 3,028	\$ 2,503	\$ 32	\$ 29
Actual return on plan assets	380	656	2	5
Employer contributions <sup>(a)</sup>	3	-	28	29
Transfers <sup>(b)</sup>	(29)	(29)	-	-
Participant contributions	-	-	9	7
Benefit payments <sup>(a)</sup>	(149)	(102)	(39)	(38)
Fair value of plan assets at December 31	<u>\$ 3,233</u>	<u>\$ 3,028</u>	<u>\$ 32</u>	<u>\$ 32</u>
Change in benefit obligation:				
Obligation at January 1	\$ 1,866	\$ 1,604	\$ 430	\$ 367
Service cost	59	51	6	5
Interest cost	102	109	23	24
Participant contributions	-	-	9	7
Plan amendments <sup>(c)</sup>	1	3	-	(1)
Special termination benefits <sup>(d)</sup>	13	-	-	-
Actuarial losses (gains) - net	102	201	(12)	66
Benefit payments	(149)	(102)	(39)	(38)
Obligation at December 31 <sup>(e)</sup>	<u>\$ 1,994</u>	<u>\$ 1,866</u>	<u>\$ 417</u>	<u>\$ 430</u>
Funded status:				
Prepaid (accrued) benefit cost at NextEra Energy at December 31	<u>\$ 1,239</u>	<u>\$ 1,162</u>	<u>\$ (385)</u>	<u>\$ (398)</u>
Prepaid (accrued) benefit cost at FPL at December 31	<u>\$ 1,027</u>	<u>\$ 1,009</u>	<u>\$ (279)</u>	<u>\$ (282)</u>

- (a) Employer contributions and benefit payments include only those amounts contributed directly to, or paid directly from, plan assets. FPL's portion of contributions related to SERP benefits was \$1 million for 2010. FPL's portion of contributions related to other benefits was \$26 million and \$27 million for 2010 and 2009, respectively.
- (b) Represents amounts that were transferred from the qualified pension plan as reimbursement for eligible retiree medical expenses paid by NextEra Energy pursuant to the provisions of the Internal Revenue Code (IRC).
- (c) Primarily relates to union negotiated credits, IRC transfers and various SERP and other benefits amendments.
- (d) Reflects an enhanced early retirement program offered during 2010.
- (e) NextEra Energy's accumulated benefit obligation, which includes no assumption about future salary levels, for its pension plans at December 31, 2010 and 2009 was \$1,935 million and \$1,804 million, respectively.

NextEra Energy's and FPL's prepaid (accrued) benefit cost shown above are included in the consolidated balance sheets as follows:

	NextEra Energy				FPL			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	2010	2009	2010	2009	2010	2009	2010	2009
	(millions)							
Prepaid benefit costs	\$ 1,259	\$ 1,184	\$ -	\$ -	\$ 1,035	\$ 1,017	\$ -	\$ -
Accrued benefit cost included in other current liabilities	(3)	(2)	(27)	(29)	(2)	(2)	(23)	(24)
Accrued benefit cost included in other liabilities	(17)	(20)	(358)	(369)	(6)	(6)	(256)	(258)
Prepaid (accrued) benefit cost at December 31	<u>\$ 1,239</u>	<u>\$ 1,162</u>	<u>\$ (385)</u>	<u>\$ (398)</u>	<u>\$ 1,027</u>	<u>\$ 1,009</u>	<u>\$ (279)</u>	<u>\$ (282)</u>

NextEra Energy's unrecognized amounts included in accumulated other comprehensive income (loss) yet to be recognized as components of prepaid (accrued) benefit cost are as follows:

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
	(millions)			
Components of AOCI:				
Unrecognized prior service benefit (cost) (net of \$2 and \$2 tax benefit, respectively)	\$ (4)	\$ (3)	\$ -	\$ -
Unrecognized transition obligation (net of \$1 and \$1 tax benefit, respectively)	-	-	(1)	(1)
Unrecognized gain (loss) (net of \$5 tax expense, \$4 tax expense, \$5 tax benefit and \$6 tax benefit, respectively)	8	7	(4)	(6)
Total	<u>\$ 4<sup>(a)</sup></u>	<u>\$ 4</u>	<u>\$ (5)<sup>(b)</sup></u>	<u>\$ (7)</u>

- (a) Approximately \$1 million of prior service benefits is expected to be reclassified into earnings within the next 12 months.
- (b) Approximately \$1 million of transition obligations is expected to be reclassified into earnings within the next 12 months.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy's unrecognized amounts included in regulatory assets (liabilities) yet to be recognized as components of net prepaid (accrued) benefit cost are as follows:

	Regulatory Assets (Liabilities) (Pension)		Regulatory Assets (SERP and Other)	
	2010	2009	2010	2009
	(millions)			
Unrecognized prior service cost	\$ 13	\$ 10	\$ 1	\$ 2
Unrecognized transition obligation	-	-	4	7
Unrecognized (gain) loss	(64)	(28)	37	45
Total	<u>\$ (51)<sup>(a)</sup></u>	<u>\$ (18)</u>	<u>\$ 42<sup>(b)</sup></u>	<u>\$ 54</u>

(a) Approximately \$1 million of prior service benefits will be reclassified into earnings within the next 12 months.

(b) Approximately \$2 million of transition obligations will be reclassified into earnings within the next 12 months.

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	
	2010	2009	2010	2009
Discount rate	5.00%	5.50%	5.25%	5.50%
Salary increase	4.00%	4.00%	4.00%	4.00%

The projected 2011 trend assumption used to measure the expected cost of health care benefits covered by the plans for those under age 65 is 7.60% for medical and 8.20% for prescription drug benefits and for those age 65 and over is 7.25% for medical and 7.75% for prescription drug benefits. These rates are assumed to decrease over the next 8 years for medical benefits and 10 years for prescription drug benefits to the ultimate trend rate of 5.50% and remain at that level thereafter. The ultimate trend rate is assumed to be reached in 2018 for medical benefits and 2020 for prescription drug benefits. 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 \$3 million at December 31, 2010.

NextEra Energy's 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 over the long term.

NextEra Energy's pension plan fund has a strategic asset allocation that 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, using 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 plan, NextEra Energy's policy is to fund claims as incurred during the year through NextEra Energy contributions, participant contributions and plan assets. The other benefits plan's 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 plan's fund has a strategic asset allocation that 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.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The fair value measurements of NextEra Energy's pension plan assets by fair value hierarchy level are as follows:

December 31, 2010 <sup>(a)</sup>				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity	\$ 800 <sup>(b)</sup>	\$ 6	\$ -	\$ 806
Equity commingled vehicles	-	669 <sup>(c)</sup>	11	680
U.S. Government and municipal bonds	60	35	-	95
Corporate debt securities <sup>(d)</sup>	-	335	-	335
Mortgage-backed securities	-	263	-	263
Debt security commingled vehicles <sup>(e)</sup>	-	744	-	744
Convertible bonds	-	310	-	310
Total	<u>\$ 860</u>	<u>\$ 2,362</u>	<u>\$ 11</u>	<u>\$ 3,233</u>

(a) See Note 4 for discussion of NextEra Energy's fair value measurement techniques.

(b) Includes foreign investments of \$293 million.

(c) Includes foreign investments of \$219 million.

(d) Includes foreign investments of \$47 million.

(e) Includes foreign investments of \$56 million and \$206 million of short-term commingled vehicles.

December 31, 2009 <sup>(a)</sup>				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity	\$ 424	\$ -	\$ -	\$ 424
Equity commingled vehicles <sup>(b)</sup>	-	941	-	941
U.S. Government and municipal bonds	77	30	-	107
Corporate debt securities <sup>(c)</sup>	-	399	-	399
Mortgage-backed securities	-	361	-	361
Debt security commingled vehicles <sup>(d)</sup>	-	503	-	503
Convertible bonds	-	293	-	293
Total	<u>\$ 501</u>	<u>\$ 2,527</u>	<u>\$ -</u>	<u>\$ 3,028</u>

(a) See Note 4 for discussion of NextEra Energy's fair value measurement techniques.

(b) Includes foreign investments of \$499 million.

(c) Includes foreign investments of \$45 million.

(d) Includes foreign investments of \$56 million and \$53 million of short-term commingled vehicles.

The fair value measurements, all of which were Level 2, of NextEra Energy's other benefits plan assets at December 31, 2010 and 2009 were approximately \$20 million and \$19 million of equity commingled vehicles (of which \$5 million and \$4 million were foreign investments) and \$12 million and \$13 million of debt security commingled vehicles, respectively.

**Expected Cash Flows** - NextEra Energy anticipates paying approximately \$28 million for eligible retiree medical expenses on behalf of the other benefits plan during 2011 with substantially all amounts being reimbursed through a transfer of assets from the qualified pension plan.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table provides information about benefit payments expected to be paid by the plans, net of government drug subsidy, for each of the following calendar years:

	Pension Benefits	Other Benefits
	(millions)	
2011	\$ 173	\$ 34
2012	\$ 167	\$ 35
2013	\$ 169	\$ 34
2014	\$ 163	\$ 32
2015	\$ 159	\$ 32
2016 - 2020	\$ 814	\$ 153

Net Periodic Cost - The components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits			Other Benefits		
	2010	2009	2008	2010	2009	2008
	(millions)					
Service cost	\$ 59	\$ 51	\$ 54	\$ 6	\$ 5	\$ 5
Interest cost	102	109	102	23	24	25
Expected return on plan assets	(241)	(239)	(240)	(2)	(3)	(3)
Amortization of transition obligation	-	-	-	3	4	4
Amortization of prior service benefit	(3)	(3)	(4)	-	-	-
Amortization of gains	1	(23)	(29)	-	-	-
SERP settlements	1	-	-	-	-	-
Special termination benefits	13	-	-	-	-	-
Net periodic benefit (income) cost at NextEra Energy	<u>\$ (68)</u>	<u>\$ (105)</u>	<u>\$ (117)</u>	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 31</u>
Net periodic benefit (income) cost at FPL	<u>\$ (42)</u>	<u>\$ (73)</u>	<u>\$ (84)</u>	<u>\$ 23</u>	<u>\$ 23</u>	<u>\$ 24</u>

Other Comprehensive Income - The components of net periodic benefit income (cost) recognized in OCI for the plans are as follows:

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
	(millions)			
Prior service cost	\$ -	\$ (1)	\$ -	\$ -
Net gains (losses) (net of none, \$24 tax expense, \$1 tax expense and \$7 tax benefit, respectively)	1	38	2	(10)
Transition obligation	-	-	-	(1)
Amortization of prior service benefit	(1)	(1)	-	-
Amortization of net gains (net of \$3 tax benefit)	-	(4)	-	-
Amortization of transition obligation	-	-	-	1
Total	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 2</u>	<u>\$ (10)</u>

Regulatory Assets (Liabilities) - The components of net periodic benefit (income) cost recognized during the year in regulatory assets (liabilities) for the plans are as follows:

	Regulatory Assets (Liabilities) (Pension)		Regulatory Assets (SERP and Other)	
	2010	2009	2010	2009
	(millions)			
Prior service cost	\$ 1	\$ 2	\$ -	\$ -
Unrecognized (gains) losses	(35)	(159)	(9)	51
Transition obligation	-	-	-	(2)
Amortization of prior service benefit	2	3	-	-
Amortization of gains	-	16	-	-
Amortization of transition obligation	-	-	(2)	(3)
Total	<u>\$ (32)</u>	<u>\$ (138)</u>	<u>\$ (11)</u>	<u>\$ 46</u>

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The weighted-average assumptions used to determine net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits			Other Benefits		
	2010	2009	2008	2010	2009	2008
Discount rate	5.50%	6.90%	6.25%	5.50%	6.90%	6.35%
Salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected long-term rate of return <sup>(a)</sup>	7.75%	7.75%	7.75%	8.00%	8.00%	8.00%

(a) In developing the expected long-term rate of return on assets assumption for its plans, NextEra Energy evaluated input from its actuaries as well as information available in the marketplace. NextEra Energy considered the 10-year and 20-year historical median returns for a portfolio with an equity/bond asset mix similar to its funds. NextEra Energy 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 a corresponding effect on the total service and interest cost recognized at December 31, 2010 by less than \$1 million.

*Employee Contribution Plans* - NextEra Energy offers employee retirement savings plans which allow eligible participants to contribute a percentage of qualified compensation through payroll deductions. NextEra Energy makes matching contributions to participants' accounts. Defined contribution expense pursuant to these plans was approximately \$34 million, \$38 million and \$37 million for NextEra Energy (\$26 million, \$28 million and \$28 million for FPL) for the years ended December 31, 2010, 2009 and 2008, respectively. See Note 11 - Employee Stock Ownership Plan.

### 3. Derivative Instruments

NextEra Energy and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with outstanding and forecasted debt, and to optimize the value of NextEra Energy Resources' power generation assets.

With respect to commodities related to NextEra Energy's competitive energy business, NextEra Energy Resources employs rigorous risk management procedures in order to optimize the value of its power generation assets, provide full energy and capacity requirements services primarily to distribution utilities, and engage in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter markets, depending on the most favorable credit terms and market execution factors. For NextEra Energy Resources' power generation assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge the expected energy output of these assets for the portion of the output that is not covered by long-term power purchase agreements (PPA). These hedges protect NextEra Energy Resources against adverse changes in the wholesale forward commodity markets associated with its generation assets. With regard to full energy and capacity requirements services, NextEra Energy Resources is required to vary the quantity of energy and related services based on the load demands of the customer served by the distribution utility. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and protect against unfavorable changes in the forward energy markets. Additionally, NextEra Energy Resources takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions. NextEra Energy Resources uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NextEra Energy's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause) or the capacity clause. For NextEra Energy's non-rate regulated operations, predominantly NextEra Energy Resources, unless hedge accounting is applied, 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 NextEra Energy's consolidated statements of income. Settlement gains and losses are included within the line items in the consolidated statements of income to which they relate. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NextEra Energy's and FPL's consolidated statements of cash flows.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

While most of NextEra Energy Resources' derivatives are entered into for the purpose of managing commodity price risk, and to reduce the impact of volatility in interest rates stemming from changes in variable interest rates on outstanding debt, 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. NextEra Energy 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 been deemed not to have occurred for financial reporting purposes. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the consolidated statements of income. Generally, NextEra Energy assesses a hedging instrument's effectiveness by using regression analysis for commodity contracts, and nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item for interest rate swaps and foreign currency derivative instruments. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. 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. See Note 7. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period.

In January 2010, NextEra Energy discontinued hedge accounting for its cash flow hedges related to commodity derivative instruments. NextEra Energy continues to apply hedge accounting to certain interest rate and foreign currency hedges. At December 31, 2010, NextEra Energy's AOCI included amounts related to the discontinued commodity cash flow hedges which have expiration dates through December 2012. Additionally, at December 31, 2010, NextEra Energy had interest rate cash flow hedges with expiration dates through September 2028 and foreign currency cash flow hedges with expiration dates through September 2030.

The net fair values of NextEra Energy's and FPL's mark-to-market derivative instrument assets (liabilities) are included in the consolidated balance sheets as follows:

	NextEra Energy		FPL	
	December 31,		December 31,	
	2010	2009	2010	2009
	(millions)			
Current derivative assets <sup>(a)</sup>	\$ 506	\$ 357	\$ 8 <sup>(b)</sup>	\$ 10 <sup>(b)</sup>
Noncurrent other assets <sup>(c)</sup>	589	329	1	4
Current derivative liabilities <sup>(d)</sup>	(536)	(221)	(245)	(77)
Noncurrent derivative liabilities <sup>(e)</sup>	(243)	(170)	-	(1) <sup>(f)</sup>
Total mark-to-market derivative instrument assets (liabilities)	<u>\$ 316</u>	<u>\$ 295</u>	<u>\$ (236)</u>	<u>\$ (64)</u>

(a) At December 31, 2010 and 2009, NextEra Energy's balances reflect the netting of approximately \$23 million and \$4 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(b) Included in current other assets on FPL's consolidated balance sheets.

(c) At December 31, 2010 and 2009, NextEra Energy's balances reflect the netting of approximately \$43 million and \$1 million (none at FPL), respectively, in margin cash collateral received from counterparties.

(d) At December 31, 2010 and 2009, NextEra Energy's balances reflect the netting of approximately \$23 million and \$75 million (none at FPL), respectively, in margin cash collateral provided to counterparties.

(e) At December 31, 2010, NextEra Energy's balance reflects the netting of approximately \$72 million (none at FPL) in margin cash collateral provided to counterparties.

(f) Included in noncurrent other liabilities on FPL's consolidated balance sheets.

At December 31, 2010 and 2009, NextEra Energy had approximately \$7 million and \$18 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets. These amounts are included in other current liabilities in the consolidated balance sheets. Additionally, at December 31, 2010 and 2009, NextEra Energy had approximately \$58 million and \$95 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative liabilities. These amounts are included in other current assets in the consolidated balance sheets.

As discussed above, NextEra Energy uses derivative instruments to, among other things, manage its commodity price risk, interest rate risk and foreign currency exchange rate risk. The table above presents NextEra Energy's and FPL's net derivative positions at December 31, 2010 and 2009, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral. However, disclosure rules require that the following tables be presented on a gross basis.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The fair values of NextEra Energy's derivatives designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	December 31, 2010		December 31, 2009	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)			
Commodity contracts:				
Current derivative assets	\$ -	\$ -	\$ 54	\$ 1
Current derivative liabilities	-	-	45	4
Noncurrent other assets	-	-	44	2
Noncurrent derivative liabilities	-	-	8	13
Interest rate swaps:				
Current derivative assets	16	-	-	-
Current derivative liabilities	-	64	-	51
Noncurrent other assets	91	-	61	-
Noncurrent derivative liabilities	-	59	-	27
Foreign currency swaps:				
Current derivative assets	24	-	-	-
Current derivative liabilities	-	4	-	-
Noncurrent other assets	11	-	5	-
Total	<u>\$ 142</u>	<u>\$ 127</u>	<u>\$ 217</u>	<u>\$ 98</u>

Gains (losses) related to NextEra Energy's cash flow hedges are recorded on NextEra Energy's consolidated financial statements (none at FPL) as follows:

	Year Ended December 31, 2010				Year Ended December 31, 2009			
	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swaps	Total	Commodity Contracts	Interest Rate Swaps	Foreign Currency Swap	Total
	(millions)							
Gains (losses) recognized in OCI	\$ 20	\$ (52)	\$ 24	\$ (8)	\$ 197	\$ 28	\$ 3	\$ 228
Gains (losses) reclassified from AOCI to net income	\$ 118 <sup>(a)</sup>	\$ (65) <sup>(b)</sup>	\$ 20 <sup>(c)</sup>	\$ 73	\$ 164 <sup>(a)</sup>	\$ (39) <sup>(b)</sup>	\$ 4 <sup>(e)</sup>	\$ 129
Gains (losses) recognized in income <sup>(d)</sup>	\$ 1 <sup>(a)</sup>	\$ -	\$ -	\$ 1	\$ 29 <sup>(a)</sup>	\$ -	\$ -	\$ 29

(a) Included in operating revenues.

(b) Included in interest expense.

(c) Loss of approximately \$4 million is included in interest expense and the balance is included in other - net.

(d) Represents the ineffective portion of the hedging instrument.

(e) Loss of approximately \$1 million is included in interest expense and the balance is included in other - net.

For the year ended December 31, 2010, NextEra Energy recorded a gain of approximately \$11 million on three fair value hedges which is reflected in interest expense in the consolidated statements of income and resulted in a corresponding increase in the related debt. For the year ended December 31, 2009, NextEra Energy recorded a loss of \$6 million on a fair value hedge which is reflected in interest expense in the consolidated statements of income and resulted in a corresponding reduction of the related debt.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The fair values of NextEra Energy's and FPL's derivatives not designated as hedging instruments for accounting purposes are presented below as gross asset and liability values, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting arrangements and would not be contractually settled on a gross basis.

	December 31, 2010				December 31, 2009			
	NextEra Energy		FPL		NextEra Energy		FPL	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(millions)							
Commodity contracts:								
Current derivative assets	\$ 754	\$ 278	\$ 9 <sup>(a)</sup>	\$ 1 <sup>(a)</sup>	\$ 611	\$ 303	\$ 11 <sup>(a)</sup>	\$ 1 <sup>(a)</sup>
Current derivative liabilities	1,848	2,339	12	257	1,002	1,288	18	95
Noncurrent other assets	687	157	1	-	921	699	4	-
Noncurrent derivative liabilities	828	1,084	-	-	128	260	-	1 <sup>(b)</sup>
Foreign currency swap:								
Current derivative assets	13	-	-	-	-	-	-	-
Noncurrent derivative liabilities	-	-	-	-	-	6	-	-
Total	<u>\$ 4,130</u>	<u>\$ 3,858</u>	<u>\$ 22</u>	<u>\$ 258</u>	<u>\$ 2,662</u>	<u>\$ 2,556</u>	<u>\$ 33</u>	<u>\$ 97</u>

(a) Included in current other assets on FPL's consolidated balance sheets.

(b) Included in noncurrent other liabilities on FPL's consolidated balance sheets.

Gains (losses) related to NextEra Energy's derivatives not designated as hedging instruments are recorded on NextEra Energy's consolidated statements of income (none at FPL) as follows:

	Year Ended December 31,	
	2010	2009
	(millions)	
Commodity contracts:		
Operating revenues	\$ 531 <sup>(a)</sup>	\$ 279 <sup>(a)</sup>
Fuel, purchased power and interchange	1	28
Foreign currency swap:		
Other - net	18	(3)
Total	<u>\$ 550</u>	<u>\$ 304</u>

(a) In addition, for the year ended December 31, 2010 and 2009, FPL recorded approximately \$665 million and \$688 million of losses, respectively, related to commodity contracts as regulatory assets on its consolidated balance sheets.

The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NextEra Energy's and FPL's consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. The table does not present a complete picture of NextEra Energy's and FPL's overall net economic exposure because NextEra Energy and FPL do not use derivative instruments to hedge all of their commodity exposures. At December 31, 2010, NextEra Energy and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	NextEra Energy	FPL
	(millions)	
Power	(62) mwh <sup>(a)</sup>	-
Natural gas	1,009 mmbtu <sup>(b)</sup>	794 mmbtu <sup>(b)</sup>

(a) Megawatt-hours

(b) One million British thermal units

At December 31, 2010, NextEra Energy had 23 interest rate swaps with a notional amount totaling approximately \$4.3 billion and three foreign currency swaps with a notional amount totaling approximately \$408 million.

Certain of NextEra Energy's and FPL's derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At December 31, 2010, the aggregate fair value of NextEra Energy's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$1.6 billion (\$0.3 billion for FPL).

## NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

If the credit-risk-related contingent features underlying these agreements and other wholesale commodity contracts were triggered, NextEra Energy or FPL could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If Capital Holdings' and FPL's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for Capital Holdings from the current lowest applicable rating), NextEra Energy would be required to post collateral such that the total posted collateral would be approximately \$400 million (\$100 million at FPL). If Capital Holdings' and FPL's credit ratings were downgraded to below investment grade, NextEra Energy would be required to post additional collateral such that the total posted collateral would be approximately \$2.1 billion (\$0.8 billion at FPL). Some contracts at NextEra Energy, including some FPL contracts, do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, NextEra Energy could be required to post additional collateral of up to approximately \$600 million (\$100 million at FPL).

Collateral may be posted in the form of cash or credit support. At December 31, 2010, NextEra Energy had posted approximately \$115 million (\$5 million at FPL) in the form of letters of credit, related to derivatives, in the normal course of business which could be applied toward the collateral requirements described above. FPL and Capital Holdings have bank revolving line of credit facilities in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the bank revolving line of credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, NextEra Energy and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

#### 4. Fair Value Measurements

NextEra Energy and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NextEra Energy's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk is also considered in the determination of fair value for all assets and liabilities measured at fair value, including the consideration of a credit valuation adjustment.

*Cash Equivalents* - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NextEra Energy and FPL primarily hold investments in money market funds. The fair value of these funds is calculated using current market prices.

*Special Use Funds and Other Investments* - NextEra Energy and FPL hold primarily debt and equity securities directly, as well as indirectly through commingled funds. Substantially all directly held equity securities are valued at their quoted market prices. For directly held debt securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue of each security. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.

*Derivative Instruments* - NextEra Energy and FPL measure the fair value of commodity contracts on a daily basis using prices observed on commodities exchanges and in the over-the-counter markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date.

Exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using significant other observable inputs.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy and FPL also enter into over-the-counter commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts. In instances where the reference exchange markets are deemed to be inactive or do not have a similar contract that trades on an exchange, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points.

NextEra Energy, through NextEra Energy Resources, also enters into full requirements contracts, which, in many cases, meet the definition of derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at NextEra Energy have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where NextEra Energy and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes, but is not limited to, assumptions about market liquidity, volatility and contract duration.

NextEra Energy uses interest rate and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain outstanding and forecasted debt issuances and borrowings. NextEra Energy estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the swap agreements. Non-performance risk is also considered in the determination of fair value for all derivative assets and liabilities, including the consideration of a credit valuation adjustment.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	December 31, 2010				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
	(millions)				
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 122	\$ -	\$ -	\$ 122
FPL - equity securities	\$ -	\$ 7	\$ -	\$ -	\$ 7
Special use funds:					
NextEra Energy:					
Equity securities	\$ 741	\$ 1,245 <sup>(b)</sup>	\$ -	\$ -	\$ 1,986
U.S. Government and municipal bonds	\$ 495	\$ 127	\$ -	\$ -	\$ 622
Corporate debt securities	\$ -	\$ 486	\$ -	\$ -	\$ 486
Mortgage-backed securities	\$ -	\$ 447	\$ -	\$ -	\$ 447
Other debt securities	\$ -	\$ 108	\$ -	\$ -	\$ 108
FPL:					
Equity securities	\$ 125	\$ 1,082 <sup>(b)</sup>	\$ -	\$ -	\$ 1,207
U.S. Government and municipal bonds	\$ 458	\$ 111	\$ -	\$ -	\$ 569
Corporate debt securities	\$ -	\$ 334	\$ -	\$ -	\$ 334
Mortgage-backed securities	\$ -	\$ 381	\$ -	\$ -	\$ 381
Other debt securities	\$ -	\$ 41	\$ -	\$ -	\$ 41
Other investments:					
NextEra Energy:					
Equity securities	\$ 3	\$ 1	\$ -	\$ -	\$ 4
U.S. Government and municipal bonds	\$ 8	\$ 4	\$ -	\$ -	\$ 12
Corporate debt securities	\$ -	\$ 32	\$ -	\$ -	\$ 32
Mortgage-backed securities	\$ -	\$ 58	\$ -	\$ -	\$ 58
Other	\$ 5	\$ 10	\$ -	\$ -	\$ 15
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 1,755	\$ 1,538	\$ 824	\$ (3,177)	\$ 940 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 107	\$ -	\$ -	\$ 107 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 48	\$ -	\$ -	\$ 48 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 14	\$ 8	\$ (13)	\$ 9 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy:					
Commodity contracts	\$ 1,821	\$ 1,509	\$ 528	\$ (3,206)	\$ 652 <sup>(c)</sup>
Interest rate swaps	\$ -	\$ 123	\$ -	\$ -	\$ 123 <sup>(c)</sup>
Foreign currency swaps	\$ -	\$ 4	\$ -	\$ -	\$ 4 <sup>(c)</sup>
FPL - commodity contracts	\$ -	\$ 257	\$ 1	\$ (13)	\$ 245 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately \$1,084 million (\$980 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 3 for a reconciliation of net derivatives to NextEra Energy's and FPL's consolidated balance sheets.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	December 31, 2009				
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting <sup>(a)</sup>	Total
			(millions)		
<b>Assets:</b>					
Cash equivalents:					
NextEra Energy - equity securities	\$ -	\$ 79	\$ -	\$ -	\$ 79
FPL - equity securities	\$ -	\$ 43	\$ -	\$ -	\$ 43
Special use funds:					
NextEra Energy:					
Equity securities	\$ 657	\$ 1,048 <sup>(b)</sup>	\$ -	\$ -	\$ 1,705
U.S. Government and municipal bonds	\$ 275	\$ 299	\$ -	\$ -	\$ 574
Corporate debt securities	\$ -	\$ 452	\$ -	\$ -	\$ 452
Mortgage-backed securities	\$ -	\$ 618	\$ -	\$ -	\$ 618
Other debt securities	\$ -	\$ 41	\$ -	\$ -	\$ 41
FPL:					
Equity securities	\$ 104	\$ 920 <sup>(b)</sup>	\$ -	\$ -	\$ 1,024
U.S. Government and municipal bonds	\$ 230	\$ 278	\$ -	\$ -	\$ 508
Corporate debt securities	\$ -	\$ 346	\$ -	\$ -	\$ 346
Mortgage-backed securities	\$ -	\$ 503	\$ -	\$ -	\$ 503
Other debt securities	\$ -	\$ 27	\$ -	\$ -	\$ 27
Other investments:					
NextEra Energy:					
Equity securities	\$ 3	\$ 4	\$ -	\$ -	\$ 7
U.S. Government and municipal bonds	\$ -	\$ 38	\$ -	\$ -	\$ 38
Corporate debt securities	\$ -	\$ 35	\$ -	\$ -	\$ 35
Mortgage-backed securities	\$ -	\$ 31	\$ -	\$ -	\$ 31
Other	\$ 4	\$ -	\$ -	\$ -	\$ 4
Derivatives:					
NextEra Energy	\$ 988	\$ 1,089	\$ 801	\$ (2,192)	\$ 686 <sup>(c)</sup>
FPL	\$ -	\$ 20	\$ 13	\$ (19)	\$ 14 <sup>(c)</sup>
<b>Liabilities:</b>					
Derivatives:					
NextEra Energy	\$ 1,110	\$ 1,106	\$ 437	\$ (2,262)	\$ 391 <sup>(c)</sup>
FPL	\$ -	\$ 95	\$ 2	\$ (19)	\$ 78 <sup>(c)</sup>

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts.

(b) At NextEra Energy, approximately \$918 million (\$836 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NextEra Energy or FPL.

(c) See Note 3 for a reconciliation of net derivatives to NextEra Energy's and FPL's consolidated balance sheets.

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The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Year Ended December 31,			
	2010		2009	
	NextEra Energy	FPL	NextEra Energy	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$ 364	\$ 11	\$ 404	\$ (1)
Realized and unrealized gains (losses):				
Included in earnings <sup>(a)</sup>	407	-	555	-
Included in regulatory assets and liabilities	1	1	7	7
Purchases, sales, settlements and net option premiums	(432)	(5)	(521)	6
Net transfers in/out <sup>(b)</sup>	(44)	-	(81)	(1)
Fair value of net derivatives based on significant unobservable inputs at December 31	<u>\$ 296</u>	<u>\$ 7</u>	<u>\$ 364</u>	<u>\$ 11</u>
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date <sup>(c)</sup>	<u>\$ 170</u>	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ -</u>

(a) For the year ended December 31, 2010 and 2009, \$384 million and \$555 million, respectively, of realized and unrealized gains are reflected in operating revenues in the consolidated statements of income. For the year ended December 31, 2010, \$23 million of realized and unrealized gains are reflected in fuel, purchased power and interchange in the consolidated statements of income.

(b) For the year ended December 31, 2010, gross transfers of \$2 million into Level 3 were a result of decreased observability of market data, and gross transfers of \$46 million from Level 3 to Level 2 were a result of increased observability of market data. NextEra Energy's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(c) For the year ended December 31, 2010 and 2009, \$153 million and \$270 million, respectively, of unrealized gains are reflected in operating revenues in the consolidated statements of income. For the year ended December 31, 2010, \$17 million of unrealized gains are reflected in fuel, purchased power and interchange in the consolidated statements of income.

## 5. Financial Instruments

NextEra Energy and FPL adopted new accounting and disclosure provisions related to other than temporary impairments and the fair value of financial instruments beginning April 1, 2009. Under the new accounting provisions, an investment in a debt security is required to be assessed for an other than temporary impairment based on whether the entity has an intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized cost basis. Additionally, if the entity does not expect to recover the amortized cost of a debt security, an impairment is recognized in earnings equal to the estimated credit loss. For debt securities held as of April 1, 2009 for which an other than temporary impairment had been previously recognized but for which assessment under the new accounting provisions indicates the impairment is temporary, NextEra Energy recorded an adjustment to increase April 1, 2009 retained earnings by approximately \$5 million with a corresponding reduction in AOCI.

The carrying amounts of cash equivalents, notes payable and commercial paper approximate their fair values. At December 31, 2010 and 2009, other investments of NextEra Energy, not included in the table below, included financial instruments of approximately \$97 million and \$44 million, respectively, including \$48 million and \$5 million included in other current receivables on the consolidated balance sheets, which primarily consist of notes receivable that are carried at estimated fair value or cost, which approximates fair value.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following estimates of the fair value of financial instruments have been made primarily using available market information. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

	December 31, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NextEra Energy:				
Special use funds	\$ 3,742 <sup>(a)</sup>	\$ 3,742 <sup>(b)</sup>	\$ 3,390 <sup>(a)</sup>	\$ 3,390 <sup>(b)</sup>
Other investments:				
Notes receivable	\$ 525	\$ 583 <sup>(c)</sup>	\$ 534	\$ 556 <sup>(c)</sup>
Debt securities	\$ 114 <sup>(d)</sup>	\$ 114 <sup>(b)</sup>	\$ 104 <sup>(d)</sup>	\$ 104 <sup>(b)</sup>
Equity securities	\$ 57	\$ 125 <sup>(e)</sup>	\$ 45	\$ 105 <sup>(e)</sup>
Long-term debt, including current maturities	\$ 19,929	\$ 20,756 <sup>(f)</sup>	\$ 16,869	\$ 17,256 <sup>(f)</sup>
Interest rate swaps - net unrealized losses	\$ (16)	\$ (16) <sup>(g)</sup>	\$ (17)	\$ (17) <sup>(g)</sup>
Foreign currency swaps - net unrealized gains (losses)	\$ 44	\$ 44 <sup>(g)</sup>	\$ (1)	\$ (1) <sup>(g)</sup>
FPL:				
Special use funds	\$ 2,637 <sup>(a)</sup>	\$ 2,637 <sup>(b)</sup>	\$ 2,408 <sup>(a)</sup>	\$ 2,408 <sup>(b)</sup>
Long-term debt, including current maturities	\$ 6,727	\$ 7,236 <sup>(f)</sup>	\$ 5,836	\$ 6,055 <sup>(f)</sup>

- (a) At December 31, 2010, includes \$76 million of investments accounted for under the equity method and \$17 million of loans not measured at fair value on a recurring basis (\$94 million and \$11 million, respectively, for FPL). For the remaining balance, see Note 4 for classification by major security type. The amortized cost of debt and equity securities is \$1,616 million and \$1,489 million, respectively, at December 31, 2010 and \$1,638 million and \$1,396 million, respectively, at December 31, 2009 (\$1,281 million and \$943 million, respectively, at December 31, 2010 and \$1,344 million and \$873 million, respectively, at December 31, 2009 for FPL).
- (b) Based on quoted market prices for these or similar issues.
- (c) Classified as held to maturity. Based on market prices provided by external sources. Notes receivable bear interest at variable rates based on an underlying index plus a margin and mature from 2014 to 2029. Notes receivable are considered impaired and placed in non-accrual status when it becomes probable that all amounts due cannot be collected in accordance with the contractual terms of the agreement. The assessment to place notes receivable in non-accrual status considers various credit indicators, such as credit standings and ratings and market-related information. As of December 31, 2010, neither NextEra Energy nor FPL had any material notes receivable reported in non-accrual status.
- (d) Classified as trading securities.
- (e) Modeled internally based on latest market data.
- (f) Provided by external sources based on market prices indicative of market conditions.
- (g) Modeled internally based on market values using discounted cash flow analysis and credit valuation adjustment.

**Special Use Funds** - The special use funds consist of FPL's storm fund assets of \$125 million and NextEra Energy's and FPL's nuclear decommissioning fund assets of \$3,617 million and \$2,512 million, respectively, at December 31, 2010. The majority of investments held in the special use funds consist of equity and debt securities which are classified as available for sale and are carried at estimated fair value (see Note 4). For FPL's special use funds, consistent with regulatory treatment, market adjustments, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NextEra Energy's non-rate regulated operations, market adjustments result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds in NextEra Energy's consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at December 31, 2010 of approximately six years at both NextEra Energy and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2010 of approximately three years. The cost of securities sold is determined using the specific identification method.

Realized gains and losses and proceeds from the sale of available for sale securities are as follows:

	NextEra Energy			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2010	2009	2008	2010	2009	2008
	(millions)					
Realized gains	\$ 106	\$ 108	\$ 50	\$ 49	\$ 48	\$ 38
Realized losses	\$ 30	\$ 30	\$ 54	\$ 22	\$ 25	\$ 50
Proceeds from sale of securities	\$ 6,726	\$ 4,592	\$ 2,235	\$ 5,079	\$ 3,270	\$ 1,454

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Unrealized losses on available for sale debt securities at December 31, 2010 and 2009 were not material to NextEra Energy or FPL. The unrealized gains on available for sale securities are as follows:

	NextEra Energy		FPL	
	December 31,		December 31,	
	2010	2009	2010	2009
	(millions)			
Equity securities	\$ 612	\$ 400	\$ 384	\$ 240
U.S. Government and municipal bonds	\$ 15	\$ 14	\$ 15	\$ 13
Corporate debt securities	\$ 23	\$ 21	\$ 19	\$ 16
Mortgage-backed securities	\$ 20	\$ 22	\$ 18	\$ 18
Other debt securities	\$ 2	\$ 1	\$ 1	\$ 1

Regulations issued by the FERC and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit investments in any securities of NextEra Energy or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NextEra Energy Resources' nuclear plants are contained in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for Seabrook, decommissioning 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 of NextEra Energy and FPL and rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

*Interest Rate and Foreign Currency Swaps* - NextEra Energy and its subsidiaries use a combination of fixed rate and variable rate debt to manage interest rate exposure. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements. In addition, with respect to certain debt issuances and borrowings, Capital Holdings has entered into cross currency swaps, two to hedge against currency movements with respect to both interest and principal payments and another to hedge against currency and interest rate movements with respect to both interest and principal payments. See Note 3.

## 6. Income Taxes

The components of income taxes are as follows:

	NextEra Energy			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2010	2009	2008	2010	2009	2008
	(millions)					
Federal:						
Current <sup>(a)</sup>	\$ 11	\$ (18)	\$ (132)	\$ 113	\$ 63	\$ 117
Deferred	434	290	542	385	342	259
Total federal	445	272	410	498	405	376
State:						
Current <sup>(a)</sup>	11	77	29	49	57	34
Deferred	76	(22)	11	33	11	33
Total state	87	55	40	82	68	67
Total income taxes	\$ 532	\$ 327	\$ 450	\$ 580	\$ 473	\$ 443

(a) Includes provision for unrecognized tax benefits.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A reconciliation between the effective income tax rates and the applicable statutory rates is as follows:

	NextEra Energy			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2010	2009	2008	2010	2009	2008
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	2.4	1.9	1.3	3.5	3.4	3.5
Allowance for other funds used during construction	(0.5)	(1.0)	(0.6)	(0.8)	(1.5)	(1.1)
Amortization of ITCs - FPL	(0.1)	(0.4)	(0.7)	(0.2)	(0.6)	(1.2)
PTCs and ITCs - NextEra Energy Resources	(12.2)	(13.1)	(12.7)	-	-	-
Convertible ITCs - NextEra Energy Resources	(2.5)	(4.3)	-	-	-	-
Other - net	(0.7)	(1.2)	(0.7)	0.5	-	(0.3)
Effective income tax rate	<u>21.4%</u>	<u>16.9%</u>	<u>21.6%</u>	<u>38.0%</u>	<u>36.3%</u>	<u>35.9%</u>

The income tax effects of temporary differences giving rise to consolidated deferred income tax liabilities and assets are as follows:

	NextEra Energy		FPL	
	December 31,		December 31,	
	2010	2009	2010	2009
	(millions)			
Deferred tax liabilities:				
Property-related	\$ 7,795	\$ 6,968	\$ 4,532	\$ 4,202
Pension	485	457	399	392
Storm reserve deficiency	258	279	258	279
Nuclear decommissioning trusts	146	201	-	-
Net unrealized gains on derivatives	226	116	-	-
Deferred fuel costs	101	-	101	-
Other	638	371	187	157
Total deferred tax liabilities	<u>9,649</u>	<u>8,392</u>	<u>5,477</u>	<u>5,030</u>
Deferred tax assets and valuation allowance:				
Decommissioning reserves	393	379	323	313
Postretirement benefits	175	183	130	133
Net operating loss carryforwards	663 <sup>(a)</sup>	270 <sup>(a)</sup>	-	-
Tax credit carryforwards	1,819 <sup>(b)</sup>	1,364 <sup>(b)</sup>	-	-
ARO and accrued asset removal costs	895	896	802	811
Other	790	683	309	249
Valuation allowance <sup>(c)</sup>	(246)	(129)	-	-
Net deferred tax assets	<u>4,489</u>	<u>3,646</u>	<u>1,564</u>	<u>1,506</u>
Net accumulated deferred income taxes	<u>\$ 5,160</u>	<u>\$ 4,746</u>	<u>\$ 3,913</u>	<u>\$ 3,524</u>

(a) Reflects \$42 million and \$(26) million, respectively, of tax carryforwards related to NextEra Energy's unrecognized tax benefits.

(b) Amount is presented net of \$52 million and \$58 million, respectively, of tax carryforwards that are available to offset NextEra Energy's liability for unrecognized tax benefits.

(c) Amount relates to deferred state tax credits and state operating loss carryforwards.

Deferred tax assets and liabilities are included in the consolidated balance sheets as follows:

	NextEra Energy		FPL	
	December 31,		December 31,	
	2010	2009	2010	2009
	(millions)			
Other current assets	\$ 17	\$ 128	\$ -	\$ -
Other assets	106	-	-	-
Other current liabilities	(174)	(14)	(78)	(15)
Accumulated deferred income taxes	(5,109)	(4,860)	(3,835)	(3,509)
Net accumulated deferred income taxes	<u>\$ (5,160)</u>	<u>\$ (4,746)</u>	<u>\$ (3,913)</u>	<u>\$ (3,524)</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of NextEra Energy's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2010 are as follows:

	Amount (millions)	Expiration Dates
Net operating loss carryforwards:		
Federal	\$ 484 <sup>(a)</sup>	2026 - 2030
State	170	2014 - 2030
Foreign	9	2021 - 2030
Net operating loss carryforwards	<u>\$ 663</u>	
Tax credit carryforwards:		
Federal	\$ 1,539 <sup>(b)</sup>	2022 - 2030
State	280	2011 - 2035
Net tax credit carryforwards	<u>\$ 1,819</u>	

(a) Amount includes \$42 million of tax carryforwards related to NextEra Energy's unrecognized tax benefits.

(b) Amount is presented net of \$52 million of tax carryforwards that are available to offset NextEra Energy's liability for unrecognized tax benefits.

The majority of the liabilities for unrecognized tax benefits represent tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. A disallowance of the shorter deductibility period for these tax positions would not affect the annual effective income tax rate. Included in the liabilities for unrecognized tax benefits at December 31, 2010 is approximately \$6 million at NextEra Energy (\$1 million at FPL) that, if disallowed, could impact the annual effective income tax rate.

NextEra Energy recognizes interest income (expense) related to unrecognized tax benefits (liabilities) in interest income and interest expense, respectively, net of the amount deferred at FPL. At FPL, the offset to accrued interest receivable (payable) on income taxes is classified as a regulatory liability (regulatory asset) which will be amortized to income (expense) over a five-year period upon settlement in accordance with regulatory treatment. At December 31, 2010 and 2009, NextEra Energy accrued approximately \$135 million and \$135 million for net interest receivable (\$18 million and \$38 million for FPL), respectively. For the years ended December 31, 2010 and 2009, NextEra Energy recorded \$(13) million and \$9 million of interest. Of this amount, \$16 million and \$13 million of interest income was recognized in NextEra Energy's consolidated statements of income and net deferred charges of \$(29) million and \$(4) million, respectively, were recognized in regulatory liabilities and regulatory assets on NextEra Energy's and FPL's consolidated balance sheets.

A reconciliation of unrecognized tax benefits is as follows:

	NextEra Energy			FPL		
	2010	2009	2008	2010	2009	2008
	(millions)					
Balance at beginning of year	\$ 279	\$ 249	\$ 320	\$ 247	\$ 217	\$ 281
Additions based on tax positions related to the current year	4	24	14	-	24	13
Reductions based on tax positions related to the current year	-	-	(44)	-	-	(44)
Additions for tax positions of the prior years	67	26	91	53	26	89
Reductions for tax positions of the prior years	(86)	(20)	(40)	(85)	(20)	(30)
Reductions relating to settlements with taxing authorities	-	-	(92)	-	-	(92)
Balance at end of year <sup>(a)</sup>	<u>264</u>	<u>279</u>	<u>249</u>	<u>215</u>	<u>247</u>	<u>217</u>
Tax carryforwards, deposits and other receivables	(259)	(239)	(219)	(184)	(192)	(176)
Balance at end of year, net	<u>\$ 5</u>	<u>\$ 40</u>	<u>\$ 30</u>	<u>\$ 31</u>	<u>\$ 55</u>	<u>\$ 41</u>

(a) Amounts are net of the federal tax benefit of state tax positions of approximately \$15 million, \$16 million and \$14 million (\$11 million, \$12 million and \$11 million for FPL), respectively.

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NextEra Energy and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states, the most significant of which is Florida, and certain foreign jurisdictions. NextEra Energy and FPL are effectively no longer subject to U.S. federal, state and foreign examinations by taxing authorities for years before 2003. NextEra Energy is in the process of finalizing a settlement with the Internal Revenue Service (IRS) with respect to the 1988 through 2005 tax years. The settlement primarily relates to NextEra Energy's and FPL's method for certain deductions for repairs, casualty losses and indirect service costs. This settlement is subject to the approval of the Joint Committee on Taxation. Income tax returns for 2006, 2007 and 2008 are under examination by the IRS. The amounts of unrecognized tax benefits and related interest accruals may change within the next twelve months; however, NextEra Energy and FPL do not expect these changes to have a significant impact on NextEra Energy's or FPL's financial statements.

**7. Comprehensive Income**

The components of NextEra Energy's comprehensive income and accumulated other comprehensive income (loss) are as follows:

		Accumulated Other Comprehensive Income (Loss)			
	Net Income	Net Unrealized Gains (Losses) On Cash Flow Hedges	Other (millions)	Total	Comprehensive Income
Balances, December 31, 2007		\$ (81)	\$ 197	\$ 116	
Net income of NextEra Energy	\$ 1,639				\$ 1,639
Net unrealized gains (losses) on cash flow hedges:					
Effective portion of net unrealized gains		(4)	-	(4)	(4)
Reclassification from AOCI to net income (net of \$66 tax expense)		90	-	90	90
Net unrealized losses on available for sale securities (net of \$30 tax benefit)		-	(46)	(46)	(46)
Adjustments between AOCI and retained earnings		-	(1)	(1)	-
Defined benefit pension and other benefits plans (net of \$104 tax benefit)		-	(168)	(168)	(167)
Balances, December 31, 2008		5	(18)	(13)	\$ 1,512
Net income of NextEra Energy	\$ 1,615				\$ 1,615
Net unrealized gains (losses) on cash flow hedges:					
Effective portion of net unrealized gains (net of \$90 tax expense)		137	-	137	137
Reclassification from AOCI to net income (net of \$50 tax benefit) <sup>(a)</sup>		(75)	-	(75)	(75)
Net unrealized gains (losses) on available for sale securities:					
Net unrealized gains on securities still held (net of \$77 tax expense)		-	119	119	119
Reclassification from AOCI to net income (net of \$17 tax benefit)		-	(27)	(27)	(27)
Adjustments between AOCI and retained earnings		-	(5)	(5)	-
Defined benefit pension and other benefits plans (net of \$14 tax expense)		-	22	22	22
Net unrealized gains on foreign currency translation (net of \$5 tax expense)		-	11	11	11
Balances, December 31, 2009		67	102	169	\$ 1,802
Net income of NextEra Energy	\$ 1,957				\$ 1,957
Net unrealized gains (losses) on cash flow hedges:					
Effective portion of net unrealized losses (net of \$3 tax benefit)		(5)	-	(5)	(5)
Reclassification from AOCI to net income (net of \$35 tax benefit)		(38)	-	(38)	(38)
Net unrealized gains (losses) on available for sale securities:					
Net unrealized gains on securities still held (net of \$41 tax expense)		-	60	60	60
Reclassification from AOCI to net income (net of \$16 tax benefit)		-	(21)	(21)	(21)
Defined benefit pension and other benefits plans (net of \$1 tax expense)		-	2	2	2
Net unrealized losses on foreign currency translation		-	(1)	(1)	(1)
Balances, December 31, 2010		\$ 24 <sup>(b)</sup>	\$ 142 <sup>(c)</sup>	\$ 166	\$ 1,954

(a) Includes amounts reclassified into earnings due to discontinuance of cash flow hedges of approximately \$3 million (net of \$2 million tax benefit) for which the hedged transactions are no longer probable of occurring.

(b) Approximately \$4 million of losses, related to derivative instruments, is expected to be reclassified into earnings within the next twelve months as either the hedged fuel is consumed, electricity is sold or principal and/or interest payments are made. Such amount assumes no change in fuel prices, power prices, interest rates or scheduled principal payments.

(c) Approximately \$1 million of prior service benefits and approximately \$1 million of transition obligations is expected to be reclassified into earnings within the next twelve months.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. Jointly-Owned Electric Plants**

Certain NextEra Energy subsidiaries own undivided interests in the jointly-owned facilities described below, and are entitled to a proportionate share of the output from those facilities. The subsidiaries 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 statement of income captions. NextEra Energy's and FPL's respective shares of direct expenses for these facilities are included in fuel, purchased power and interchange, O&M expenses, depreciation and amortization expense and taxes other than income taxes and other on NextEra Energy's and FPL's consolidated statements of income.

NextEra Energy's and FPL's proportionate ownership interest in jointly-owned facilities is as follows:

	December 31, 2010			
	Ownership Interest	Gross Investment <sup>(a)</sup>	Accumulated Depreciation <sup>(a)</sup> (millions)	Construction Work in Progress
FPL:				
St. Lucie Unit No. 2	85%	\$ 1,359	\$ 585	\$ 199
St. Johns River Power Park units and coal terminal	20%	\$ 391	\$ 152	\$ 3
Scherer Unit No. 4	76%	\$ 703	\$ 218	\$ 251
NextEra Energy Resources:				
Duane Arnold	70%	\$ 324	\$ 62	\$ 27
Seabrook	88.23%	\$ 848	\$ 141	\$ 71
Wyman Station Unit No. 4	84.35%	\$ 104	\$ 39	\$ -
Corporate and Other:				
Transmission substation assets located in Seabrook, New Hampshire	88.23%	\$ 59	\$ 12	\$ 5

(a) Excludes nuclear fuel.

**9. Variable Interest Entities**

As of December 31, 2010, NextEra Energy has eight VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

*FPL* - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and approximately \$200 million to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately \$644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately \$444 million at December 31, 2010 and consisted primarily of storm-recovery property, which is included in securitized storm-recovery costs on NextEra Energy's and FPL's consolidated balance sheets. The liabilities of the VIE were approximately \$542 million at December 31, 2010 and consisted primarily of storm-recovery bonds, which are included in long-term debt on NextEra Energy's and FPL's consolidated balance sheets.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FPL identified a potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a PPA effective in 1994 with this 250 mw coal-fired qualifying facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per mwh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE or whether FPL is the primary beneficiary of the facility. The PPA with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility 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 facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the years ended December 31, 2010, 2009 and 2008, FPL purchased 1,502,234 mwh, 1,604,735 mwh and 1,725,798 mwh, respectively, from the facility at a total cost of approximately \$184 million, \$173 million and \$158 million, respectively.

Additionally, FPL entered into a PPA effective in 1995 with a 330 mw coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are passed on to FPL's customers through the fuel clause as approved by the FPSC.

In March 2010, FPL terminated its nuclear fuel lease agreements with a VIE from which it had previously leased nuclear fuel. Upon termination of the lease agreements, FPL no longer consolidates the VIE since it no longer has a variable interest in the lessor. Upon deconsolidation, FPL did not recognize any gain or loss and there was no significant effect on NextEra Energy's and FPL's consolidated balance sheets.

*NextEra Energy Resources* - NextEra Energy consolidates six NextEra Energy Resources' VIEs. NextEra Energy Resources is considered the primary beneficiary of these VIEs since NextEra Energy Resources controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

Three of NextEra Energy Resources' VIEs consolidate several entities which own and operate natural gas and/or oil electric generating facilities with the capability of producing a total of 1,285 mw. These VIEs sell their electric output under power sales contracts to third parties, with expiration dates ranging from 2018 through 2022. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. These VIEs use third party debt and equity to finance their operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$829 million and \$455 million, respectively, at December 31, 2010 and consisted primarily of property, plant and equipment and long-term debt.

The other three NextEra Energy Resources' VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 1,077 mw and an entity which owns and operates a 78 mile, 230 kilovolt transmission line. These VIEs sell their electric output under power sales contracts to third parties with expiration dates ranging from 2018 through 2034. The VIEs use both third-party debt and equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NextEra Energy Resources. The assets and liabilities of these VIEs totaled approximately \$1.7 billion and \$1.6 billion, respectively, at December 31, 2010, and consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

*Other* - As of December 31, 2010, several NextEra Energy subsidiaries have investments totaling approximately \$646 million (\$480 million at FPL) in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included primarily in special use funds and other investments on NextEra Energy's consolidated balance sheets and in special use funds on FPL's consolidated balance sheets. NextEra Energy is considered the primary beneficiary and therefore consolidates one of these entities with total assets of approximately \$53 million. NextEra Energy is considered the primary beneficiary of this entity because FPL and NextEra Energy Resources are equal investors and combined, are the majority investors in this entity and absorb substantially all of the expected losses and residual returns. With respect to the other entities, NextEra Energy subsidiaries are not the primary beneficiary and therefore do not consolidate any of these entities because NextEra Energy subsidiaries do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**10. Investments in Partnerships and Joint Ventures**

*NextEra Energy Resources* - NextEra Energy Resources has non-controlling non-majority owned interests in various partnerships and joint ventures, essentially all of which own electric generating facilities. At December 31, 2010 and 2009, NextEra Energy Resources' investments in partnerships and joint ventures totaled approximately \$217 million and \$173 million, respectively, which is included in other investments on NextEra Energy's consolidated balance sheets. NextEra Energy Resources' interest in these partnerships and joint ventures range from approximately 5.5% to 50%. At December 31, 2010, the principal operating entities included in NextEra Energy Resources' investments in partnerships and joint ventures were Northeast Energy, LP, Mojave 3/4/5, Luz Solar Partners Ltd., III, Luz Solar Partners Ltd., IV and Luz Solar Partners Ltd., V and in 2009 also included Mojave 16/17/18 LLC.

Summarized combined information for these principal operating entities is as follows:

	2010	2009
	(millions)	(millions)
Net income	\$ 81	\$ 78
Total assets	\$ 660	\$ 717
Total liabilities	\$ 210	\$ 354
Partners'/members' equity	\$ 450	\$ 363
NextEra Energy Resources' share of underlying equity in the principal operating entities	\$ 223	\$ 180
Difference between investment carrying amount and underlying equity in net assets <sup>(a)</sup>	(26)	(15)
NextEra Energy Resources' investment carrying amount for the principal operating entities	<u>\$ 197</u>	<u>\$ 165</u>

(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 NextEra Energy Resources provide services to the partnerships and joint ventures, including operations and maintenance and business management services. NextEra Energy's operating revenues for the years ended December 31, 2010, 2009 and 2008 include approximately \$25 million, \$21 million and \$21 million, respectively, related to such services. The net receivables at December 31, 2010 and 2009, for these services, as well as for affiliate energy commodity transactions, payroll and other payments made on behalf of these investees, were approximately \$36 million and \$29 million, respectively, and are included in other receivables on NextEra Energy's consolidated balance sheets.

*NextEra Energy* - In 2004, a trust created by NextEra Energy sold \$300 million of 5 7/8% preferred trust securities to the public and \$9 million of common trust securities to NextEra Energy. The trust is an unconsolidated 100%-owned finance subsidiary. 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 Capital Holdings. NextEra Energy has fully and unconditionally guaranteed the preferred trust securities and the junior subordinated debentures.

**11. Common and Preferred Stock**

*Earnings Per Share* - The reconciliation of NextEra Energy's basic and diluted earnings per share of common stock is as follows:

	Years Ended December 31,		
	2010	2009	2008
	(millions, except per share amounts)		
Numerator - net income	\$ 1,957	\$ 1,615	\$ 1,639
Denominator:			
Weighted-average number of common shares outstanding - basic	410.3	404.4	400.1
Options, performance share awards, restricted stock, equity units and warrants <sup>(a)</sup>	2.7	2.8	2.6
Weighted-average number of common shares outstanding - assuming dilution	<u>413.0</u>	<u>407.2</u>	<u>402.7</u>
Earnings per share of common stock:			
Basic	\$ 4.77	\$ 3.99	\$ 4.10
Assuming dilution	\$ 4.74	\$ 3.97	\$ 4.07

(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 was the end of the term of the award. Options, performance share awards, restricted stock, equity units and warrants are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable pursuant to equity units and stock options, restricted stock and performance share awards which were not included in the denominator above due to their antidilutive effect were approximately 9.1 million, 0.8 million and 0.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Common Stock Dividend Restrictions* - NextEra Energy'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 which, under certain conditions, restrict the payment of dividends and other distributions to NextEra Energy. These restrictions do not currently limit FPL's ability to pay dividends to NextEra Energy.

*Employee Stock Ownership Plan* - The employee retirement savings plans of NextEra Energy include a leveraged ESOP feature. Shares of common stock held by the trust for the employee retirement savings 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 Capital Holdings. Dividends on shares allocated to employee accounts and used by the Trust for debt service are replaced with shares of common stock, at prevailing market prices, in an equivalent amount. 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 \$37 million, \$42 million and \$40 million in 2010, 2009 and 2008, 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, 2010 was approximately \$69 million, representing unallocated shares at the original issue price. The fair value of the ESOP-related unearned compensation account using the closing price of NextEra Energy common stock at December 31, 2010 was approximately \$248 million.

*Stock-Based Compensation* - Net income for the years ended December 31, 2010, 2009 and 2008 includes approximately \$57 million, \$51 million and \$47 million, respectively, of compensation costs and \$22 million, \$20 million and \$18 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2010, 2009 and 2008 was not material. As of December 31, 2010, there were approximately \$63 million of unrecognized compensation costs related to nonvested/nonexercisable stock-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.9 years.

At December 31, 2010, approximately 26 million shares of common stock were authorized and approximately 11 million were available for awards (including outstanding awards) to officers, employees and non-employee directors of NextEra Energy and its subsidiaries under NextEra Energy's amended and restated long-term incentive plan and non-employee directors stock plans. NextEra Energy 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. NextEra Energy satisfies stock option exercises by issuing new shares of its common stock and generally grants most of its stock options in the first quarter of each year.

*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 NextEra Energy 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 NextEra Energy 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 based on actual performance.

The activity in restricted stock and performance share awards for the year ended December 31, 2010 was as follows:

	Shares	Weighted-Average Grant Date Fair Value Per Share
<b>Restricted Stock:</b>		
Nonvested balance, January 1, 2010	1,143,282	\$ 55.55
Granted	607,000	\$ 46.72
Vested	(523,365)	\$ 57.42
Forfeited	(72,327)	\$ 50.21
Nonvested balance, December 31, 2010	<u>1,154,590</u>	\$ 50.40
<b>Performance Share Awards:</b>		
Nonvested balance, January 1, 2010	1,157,343	\$ 51.20
Granted	717,590	\$ 42.95
Vested	(465,780)	\$ 53.97
Forfeited	(90,755)	\$ 48.26
Nonvested balance, December 31, 2010	<u>1,318,398</u>	\$ 45.96

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2009 and 2008 was \$51.50 and \$62.66, respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2009 and 2008 was \$42.66 and \$51.48, respectively.

The total fair value of restricted stock and performance share awards vested was \$47 million, \$46 million and \$64 million for the years ended December 31, 2010, 2009 and 2008, 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 NextEra Energy 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:

	2010	2009	2008
Expected volatility <sup>(a)</sup>	20.74 - 21.64%	19.02 - 20.23%	17.33%
Expected dividends	3.61 - 4.39%	3.35 - 3.71%	2.75%
Expected term (years)	6 <sup>(b)</sup>	6 <sup>(b)</sup>	6 <sup>(c)</sup>
Risk-free rate	1.65 - 2.91%	2.68 - 2.97%	3.24%

(a) Based on historical experience.

(b) Based on historical exercise and post-vesting cancellation experience adjusted for outstanding awards.

(c) NextEra Energy used the "simplified" method to calculate the expected term.

Option activity for the year ended December 31, 2010 was as follows:

	Shares Underlying Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2010	5,739,263	\$ 35.65		
Granted	687,001	\$ 45.71		
Exercised	(1,384,015)	\$ 29.52		
Forfeited	(3,197)	\$ 64.69		
Expired	(2,400)	\$ 25.27		
Balance, December 31, 2010	<u>5,036,652</u>	\$ 38.69	4.4	\$ 73
Exercisable, December 31, 2010	3,942,358	\$ 35.85	3.2	\$ 68

The weighted-average grant date fair value of options granted was \$6.22, \$6.79 and \$9.90 per share for the years ended December 31, 2010, 2009 and 2008, respectively. The total intrinsic value of stock options exercised was approximately \$32 million, \$9 million and \$17 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Cash received from option exercises was approximately \$41 million, \$10 million and \$14 million for the years ended December 31, 2010, 2009 and 2008, respectively. The tax benefits realized from options exercised were approximately \$12 million, \$3 million and \$6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

*Continuous Offering of NextEra Energy Common Stock* - In December 2010, NextEra Energy completed the program it commenced in January 2009 under which it offered and sold, from time to time, NextEra Energy common stock having a gross sales price of up to \$400 million. During 2010 and 2009, NextEra Energy received gross proceeds through the sale and issuance of common stock under this program of approximately \$240 million and \$160 million, respectively.

*Preferred Stock* - NextEra Energy's charter authorizes the issuance of 100 million shares of serial preferred stock, \$0.01 par value, none of which are outstanding. 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 preferred stock, no par value, none of which are outstanding.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**12. Debt**

Long-term debt consists of the following:

	December 31,	
	2010	2009
	(millions)	
<b>FPL:</b>		
First mortgage bonds - maturing 2013 through 2041 - 4.85% to 6.20%	\$ 5,540	\$ 4,640
Storm-recovery bonds - maturing 2013 through 2021 - 5.0440% to 5.2555% <sup>(a)</sup>	531	572
Pollution control, solid waste disposal and industrial development revenue bonds - maturing 2020 through 2029 - variable, 0.3% and 0.2% weighted-average interest rates, respectively <sup>(b)</sup>	633	633
Other long-term debt - maturing 2011 through 2040 - 4.000% to 5.250%	57	24
Unamortized discount	(34)	(33)
Total long-term debt of FPL	6,727	5,836
Less current maturities of long-term debt	45	42
Long-term debt of FPL, excluding current maturities	6,682	5,794
<b>Capital Holdings:</b>		
Debentures - maturing 2011 through 2019 - 2.55% to 7 7/8%	2,500	1,850
Debentures - maturing 2011 through 2012 - variable, 1.0% and 0.9% weighted-average interest rate, respectively <sup>(c)(d)</sup>	450	450
Debentures, related to NextEra Energy's equity units - maturing 2014 and 2015 - 3.60% and 1.90%	753	350
Junior Subordinated Debentures - maturing 2044 through 2069 - 5 7/8% to 8.75%	2,353	2,353
Senior secured bonds - maturing 2030 - 7.500% <sup>(e)</sup>	500	500
Japanese yen denominated senior notes - maturing 2030 - 5.1325% <sup>(d)</sup>	123	-
Japanese yen denominated term loans - maturing 2011 - variable, 2.2% and 3.3% weighted-average interest rate, respectively <sup>(c)(d)</sup>	327	287
Term loans - maturing 2011 through 2014 - variable, 1.2% and 1.0% weighted-average interest rate, respectively <sup>(c)</sup>	950	910
Fair value swap	3	14
Unamortized discount	(8)	(3)
Total long-term debt of Capital Holdings	7,951	6,711
Less current maturities of long-term debt	1,485	200
Long-term debt of Capital Holdings, excluding current maturities	6,466	6,511
<b>NextEra Energy Resources:</b>		
Senior secured limited recourse bonds and notes - maturing 2013 through 2037 - 5.608% to 7.59%	2,652	2,488
Other long-term debt - maturing 2012 through 2028 - primarily limited recourse and variable, 2.6% and 2.4% weighted-average interest rates, respectively <sup>(c)(d)</sup>	2,521	1,833
Canadian revolving credit facility - maturing 2013 - variable, 1.3% <sup>(c)</sup>	82	-
Unamortized premium	-	1
Total long-term debt of NextEra Energy Resources	5,255	4,322
Less current maturities of long-term debt	390	327
Long-term debt of NextEra Energy Resources, excluding current maturities	4,865	3,995
<b>Total long-term debt</b>	<b>\$ 18,013</b>	<b>\$ 16,300</b>

- (a) Principal on the storm-recovery bonds is due on the final maturity date (the date by which the principal must be repaid to prevent a default) for each tranche, however, it began being paid semiannually and sequentially on February 1, 2008, when the first semiannual interest payment became due.
- (b) Tax exempt bonds that permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2010, all tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving lines of credit are available to support the purchase of tax exempt bonds.
- (c) Variable rate is based on an underlying index plus a margin.
- (d) Interest rate swap agreements have been entered into for the majority of these debt issuances.
- (e) Issued by a wholly-owned subsidiary of Capital Holdings and collateralized by a third-party note receivable held by that subsidiary. See Note 5.

Minimum annual maturities of long-term debt for NextEra Energy are approximately \$1,920 million, \$816 million, \$1,816 million, \$940 million and \$1,814 million for 2011, 2012, 2013, 2014 and 2015, respectively. The respective amounts for FPL are approximately \$45 million, \$50 million, \$453 million, \$56 million and \$60 million.

At December 31, 2010 and 2009, commercial paper borrowings had a weighted-average interest rate of 0.39% (0.26% for FPL) and 0.19% (0.19% for FPL), respectively. Available lines of credit aggregated approximately \$7.4 billion (\$4.4 billion for Capital Holdings and \$3.0 billion for FPL) at December 31, 2010 and were available to support Capital Holdings' and FPL's commercial paper programs. These facilities provide for the issuance of letters of credit of up to approximately \$6.4 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, 2010, letters of credit totaling \$771 million and \$8 million were outstanding under the Capital Holdings and FPL credit facilities, respectively.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy has guaranteed certain payment obligations of Capital Holdings, including most of those under Capital Holdings' debt, including all of its debentures and commercial paper issuances, as well as most of its guarantees. Capital Holdings has guaranteed certain debt and other obligations of NextEra Energy Resources and its subsidiaries.

In 2008, FPL entered into a reclaimed water agreement with Palm Beach County, Florida (PBC) to provide FPL's WCEC with reclaimed water for cooling purposes beginning in January 2011. Under the reclaimed water agreement, FPL is to construct a reclaimed water system, including modifications to an existing treatment plant and a water pipeline, that PBC will legally own and operate. The reclaimed water agreement also requires PBC to issue bonds for the purpose of paying the costs associated with the construction of the reclaimed water system. In 2009, PBC issued approximately \$68 million principal amount of Palm Beach County, Florida Water and Sewer Revenue Bonds. Under the reclaimed water agreement, FPL will pay PBC an operating fee for the reclaimed water delivered which will be used by PBC to, among other things, service the principal of, and interest on, the bonds. The portion of the operating fee related to PBC's servicing principal of, and interest on, the bonds will be paid by FPL, beginning October 2011, until final maturity of the bonds. FPL does not have a direct obligation to the bondholders; however, if FPL or PBC were to terminate the reclaimed water agreement, FPL would be obligated to continue to pay the portion of the operating fee intended to reimburse PBC for costs related to issuance of the bonds, including amounts to be used by PBC to service the principal of, and interest on, the bonds. In the event of a default by PBC under the reclaimed water agreement, FPL would have certain rights, including, among other things, the right to appoint a third-party contractor to repair, and restore operations of, the reclaimed water treatment plant, and, in the event of a termination of the reclaimed water agreement by FPL relating to a PBC default, the right to assume ownership of the reclaimed water pipeline from PBC. For financial reporting purposes, FPL is considered the owner of the reclaimed water system and FPL and NextEra Energy are recording electric utility plant in service and other property as costs are incurred and long-term debt (see FPL's other long-term debt in the table above) as costs are eligible for reimbursement by PBC to FPL.

In 2009, NextEra Energy sold \$350 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of \$50 and consists of a contract to purchase NextEra Energy common stock (stock purchase contract) and, initially, a 1/20, or 5%, undivided beneficial ownership interest in a Series C Debenture due June 1, 2014 issued in the principal amount of \$1,000 by Capital Holdings (see table above). Each stock purchase contract requires the holder to purchase by no later than June 1, 2012 (the final settlement date) for a price of \$50 in cash, a number of shares of NextEra Energy common stock (subject to antidilution adjustments) based on a price per share range of \$55.67 to \$66.80. If purchased on the final settlement date, as of December 31, 2010, the number of shares issued would (subject to antidilution adjustments) range from 0.9000 shares if the applicable market value of a share of common stock is less than or equal to \$55.67, to 0.7501 shares if the applicable market value of a share is equal to or greater than \$66.80, with applicable market value to be determined using the average closing prices of NextEra Energy common stock over a 20-day trading period ending May 29, 2012. Total annual distributions on the equity units will be at the rate of 8.375%, consisting of interest on the debentures (3.60% per year) and payments under the stock purchase contracts (4.775% per year). The interest rate on the debentures is expected to be reset on or after December 1, 2011. The holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the Capital Holding debentures that are part of its equity unit. The undivided beneficial ownership interest in the Capital Holdings debenture that is a component of each Corporate Unit is pledged to NextEra Energy to secure the holder's obligation to purchase NextEra Energy common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NextEra Energy of its intention to settle the stock purchase contract with cash, NextEra Energy would exercise its rights as a secured party in the debentures to satisfy in full the holders' obligations to purchase NextEra Energy common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NextEra Energy.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In 2010, NextEra Energy sold \$402.5 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of \$50 and consists of a contract to purchase NextEra Energy common stock (stock purchase contract) and, initially, a 1/20, or 5%, undivided beneficial ownership interest in a Series D Debenture due September 1, 2015 issued in the principal amount of \$1,000 by Capital Holdings (see table above). Each stock purchase contract requires the holder to purchase by no later than September 1, 2013 (the final settlement date) for a price of \$50 in cash, a number of shares of NextEra Energy common stock (subject to antidilution adjustments) based on a price per share range of \$55.02 to \$68.78. If purchased on the final settlement date, as of December 31, 2010, the number of shares issued would (subject to antidilution adjustments) range from 0.9088 shares if the applicable market value of a share of common stock is less than or equal to \$55.02, to 0.7270 shares if the applicable market value of a share is equal to or greater than \$68.78, with applicable market value to be determined using the average closing prices of NextEra Energy common stock over a 20-day trading period ending August 28, 2013. Total annual distributions on the equity units will be at the rate of 7.00%, consisting of interest on the debentures (1.90% per year) and payments under the stock purchase contracts (5.10% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2013. The holder of an equity unit may satisfy its purchase obligation with proceeds raised from remarketing the Capital Holdings debentures that are part of its equity unit. The undivided beneficial ownership interest in the Capital Holdings debenture that is a component of each Corporate Unit is pledged to NextEra Energy to secure the holder's obligation to purchase NextEra Energy common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NextEra Energy of its intention to settle the stock purchase contract with cash, NextEra Energy would exercise its rights as a secured party in the debentures to satisfy in full the holders' obligations to purchase NextEra Energy common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NextEra Energy.

Prior to the issuance of NextEra Energy's common stock, the stock purchase contracts will be reflected in NextEra Energy's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of NextEra Energy common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the stock purchase contracts over the number of shares that could be purchased by NextEra Energy in the market, at the average market price during the period, using the proceeds receivable upon settlement.

### 13. Asset Retirement Obligations

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 accounting provisions 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. NextEra Energy Resources' ARO relates primarily to the nuclear decommissioning obligation of its nuclear plants and obligations for the dismantlement of its wind facilities located on leased property. See Note 1 - Decommissioning of Nuclear Plants, Dismantlements of Plants and Other Accrued Asset Removal Costs.

A rollforward of NextEra Energy's and FPL's ARO is as follows:

	FPL	NextEra Energy Resources (millions)	NextEra Energy
Balance, December 31, 2008	\$ 1,743	\$ 540	\$ 2,283
Liabilities incurred	-	4	4
Accretion expense	96	36	132
Revision in estimated cash flows - net	(6)	5	(1)
Balance, December 31, 2009	1,833	585	2,418
Liabilities incurred	-	3	3
Accretion expense	101	36	137
Liabilities settled	-	(1)	(1)
Revision in estimated cash flows - net	(851) <sup>(a)</sup>	(67) <sup>(b)</sup>	(918)
Balance, December 31, 2010	<u>\$ 1,083</u>	<u>\$ 556</u>	<u>\$ 1,639</u>

- (a) Primarily reflects the effect of a decrease in the escalation rates used to determine the ultimate projected costs of decommissioning FPL's nuclear units and lower costs due to the expected future reimbursement by the DOE of certain spent fuel storage costs as stipulated by a spent fuel settlement agreement.
- (b) Primarily reflects the effect of revised probability assessments regarding when assets will be retired and ultimately decommissioned and lower costs due to the expected future reimbursement by the DOE of certain spent fuel storage costs as stipulated by a spent fuel settlement agreement.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Restricted funds for the payment of future expenditures to decommission NextEra Energy's and FPL's nuclear units included in special use funds on NextEra Energy's and FPL's consolidated balance sheets are as follows (see Note 5):

	<u>FPL</u>	<u>NextEra Energy Resources</u> (millions)	<u>NextEra Energy</u>
Balance, December 31, 2010	\$ 2,512	\$ 1,105	\$ 3,617
Balance, December 31, 2009	\$ 2,285	\$ 982	\$ 3,267

NextEra Energy 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 NextEra Energy or FPL. In addition, NextEra Energy has identified but not recognized ARO liabilities related to the majority of NextEra Energy Resources' 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 NextEra Energy and FPL intend to use these properties and facilities indefinitely. In the event NextEra Energy 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.

**14. Commitments and Contingencies**

*Commitments* - NextEra Energy 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 and the procurement of nuclear fuel. At NextEra Energy Resources, capital expenditures include, among other things, the cost, including capitalized interest, for construction of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other include the cost for construction of a transmission line in Texas and FPL FiberNet, LLC's (FPL FiberNet) costs to meet customer-specific requirements and maintain its fiber-optic network.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

At December 31, 2010, estimated planned capital expenditures for 2011 through 2015 were as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
	(millions)					
<b>FPL:</b>						
Generation: <sup>(a)</sup>						
New <sup>(b)(c)</sup>	\$ 1,520	\$ 1,870	\$ 500	\$ 105	\$ -	\$ 3,995
Existing	655	570	610	665	490	2,990
Transmission and distribution	720	870	820	760	840	4,010
Nuclear fuel	260	170	255	205	220	1,110
General and other	120	145	95	120	105	585
Total	<u>\$ 3,275</u>	<u>\$ 3,625</u>	<u>\$ 2,280</u>	<u>\$ 1,855</u>	<u>\$ 1,655</u>	<u>\$ 12,690</u>
<b>NextEra Energy Resources:</b>						
Wind <sup>(d)</sup>	\$ 505	\$ 30	\$ 10	\$ 5	\$ -	\$ 550
Solar <sup>(e)</sup>	955	885	420	75	-	2,335
Nuclear <sup>(f)</sup>	585	275	250	250	265	1,625
Natural gas	140	35	65	40	120	400
Other <sup>(g)</sup>	85	75	50	60	50	320
Total	<u>\$ 2,270</u>	<u>\$ 1,300</u>	<u>\$ 795</u>	<u>\$ 430</u>	<u>\$ 435</u>	<u>\$ 5,230</u>
<b>Corporate and Other<sup>(h)</sup></b>	<u>\$ 400</u>	<u>\$ 490</u>	<u>\$ 70</u>	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 1,020</u>

(a) Includes AFUDC of approximately \$49 million, \$76 million, \$79 million, \$29 million and \$3 million in 2011 to 2015, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Includes projects that have received FPSC approval. Includes pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs recoverable through the capacity clause of approximately \$98 million, \$75 million and \$24 million in 2011 to 2013, respectively. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) Consists of capital expenditures for planned new wind projects that have received applicable internal approvals and related transmission. NextEra Energy Resources plans to add new wind generation of approximately 3,500 mw to 5,000 mw in 2010 through 2014, including 754 mw added in 2010 and approximately 700 mw to 1,000 mw in 2011, at a total cost of approximately \$7 billion to \$10 billion.

(e) Consists of capital expenditures for planned new solar projects that have received applicable internal approvals and related transmission. NextEra Energy Resources plans to add new solar generation of approximately 400 mw to 600 mw in 2010 through 2014, including 5 mw added in 2010, at a total cost of approximately \$3 billion to \$4 billion.

(f) Includes nuclear fuel.

(g) Consists of capital expenditures that have received applicable internal approvals. NextEra Energy Resources plans to add natural gas infrastructure projects totaling approximately \$400 million to \$600 million in 2010 through 2014.

(h) Consists of capital expenditures that have received applicable internal approvals and includes AFUDC of approximately \$9 million, \$41 million and \$18 million in 2011 to 2013, respectively.

NextEra Energy has guaranteed certain payment obligations of Capital Holdings, including most payment obligations under Capital Holdings' debt and guarantees. Additionally, at December 31, 2010, subsidiaries of NextEra Energy, other than FPL, in the normal course of business, have guaranteed certain debt service and fuel payments of non-consolidated entities of NextEra Energy Resources. The terms of the guarantees relating to the non-consolidated entities are equal to the terms of the related agreements/contracts, with remaining terms ranging from less than one year to seven years. The maximum potential amount of future payments that could be required under these guarantees at December 31, 2010 was approximately \$34 million. At December 31, 2010, NextEra Energy did not have any liabilities recorded for these guarantees. In certain instances, NextEra Energy can seek recourse from third parties for amounts paid under the guarantees. At December 31, 2010, the fair value of these guarantees was not material.

**Contracts** - In addition to the estimated planned capital expenditures included in the table in Commitments above, FPL has commitments under 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 1,330 mw annually through 2015 and 375 mw annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 650 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2024 through 2032. 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 one agreement with an electricity supplier to purchase approximately 155 mw of power with an expiration date of 2012. In general, the agreement requires FPL to make a capacity payment and supply the fuel consumed by the plant under the contract. FPL has contracts with expiration dates through 2036 for the purchase and transportation of natural gas and coal, and storage of natural gas.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

NextEra Energy Resources has entered into contracts primarily for the purchase of wind turbines and towers, solar reflectors, steam turbine generators and heat collection elements and related construction and development activities, as well as for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel, with expiration dates ranging from April 2011 through 2031, approximately \$1.1 billion of which is included in the estimated planned capital expenditures table in Commitments above. In addition, NextEra Energy Resources has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from March 2011 through 2033.

The required capacity and/or minimum payments under the contracts discussed above as of December 31, 2010 were estimated as follows:

	2011	2012	2013	2014	2015	Thereafter
FPL:				(millions)		
Capacity payments: <sup>(a)</sup>						
Qualifying facilities	\$ 270	\$ 290	\$ 270	\$ 275	\$ 280	\$ 2,605
JEA and Southern subsidiaries	\$ 210	\$ 210	\$ 205	\$ 185	\$ 160	\$ 195
Other electricity suppliers	\$ 10	\$ 5	\$ -	\$ -	\$ -	\$ -
Minimum payments, at projected prices:						
Natural gas, including transportation and storage <sup>(b)</sup>	\$ 2,185	\$ 1,130	\$ 575	\$ 570	\$ 550	\$ 7,470
Oil <sup>(b)</sup>	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -
Coal <sup>(b)</sup>	\$ 90	\$ 70	\$ 60	\$ 5	\$ -	\$ -
NextEra Energy Resources <sup>(c)</sup>	\$ 1,250	\$ 225	\$ 180	\$ 165	\$ 165	\$ 830

(a) Capacity payments under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$537 million, \$603 million and \$584 million for the years ended December 31, 2010, 2009 and 2008, respectively. Energy payments under these contracts, which are recoverable through the fuel clause, totaled approximately \$434 million, \$439 million and \$510 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(b) Recoverable through the fuel clause.

(c) Includes termination payments associated with wind turbine contracts for projects that have not yet received applicable internal approvals.

**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, NextEra Energy maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.2 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, NextEra Energy is subject to retrospective assessments of up to \$940 million (\$470 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed \$140 million (\$70 million for FPL) per incident per year. NextEra Energy 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 \$14 million, \$35 million and \$18 million, plus any applicable taxes, per incident, respectively.

NextEra Energy 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. NextEra Energy 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 NextEra Energy's or another participating insured's nuclear plants, NextEra Energy could be assessed up to \$164 million (\$95 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NextEra Energy 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, \$4 million and \$3 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NextEra Energy does not have insurance coverage for a substantial portion of its transmission and distribution property and has no insurance coverage for FPL FiberNet's fiber-optic cable located throughout Florida. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC (see Note 1 - Revenues and Rates) or through securitization provisions pursuant to Florida law.

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 NextEra Energy and FPL and could have a material adverse effect on NextEra Energy's and FPL's financial condition and results of operations.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Legal Proceedings* - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, 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. The EPA has made revisions to its civil penalty rule such that the maximum penalty is \$27,500 per day for each violation from January 31, 1997 through March 15, 2004, \$32,500 per day for each violation from March 16, 2004 through January 12, 2009 and \$37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the U.S. Supreme Court's decision.

In 1995 and 1996, NextEra Energy, 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. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NextEra Energy 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 from January 29, 1999. NextEra Energy has filed an answer to the complaint. NextEra Energy 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 NextEra Energy, 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 scheduled for trial in September 2011.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind II GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (NextEra Energy Resources Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. FPL Energy, LLC, now known as NextEra Energy Resources, LLC, was added as a defendant in 2005. The petition alleged that the NextEra Energy Resources Affiliates had contractual obligations to produce and sell to TXU a minimum quantity of renewable energy credits each year during the period from 2002 through 2005 and that the NextEra Energy Resources Affiliates failed to meet this obligation. The plaintiff asserted claims for breach of contract and declaratory judgment and sought damages of approximately \$34 million. Following a jury trial in 2007, among other findings, both TXU and the NextEra Energy Resources Affiliates were found to have breached the contracts. In August 2008, the trial court issued a final judgment holding that the contracts were not terminated and neither party was entitled to recover any damages. In November 2008, TXU appealed the final judgment to the Fifth District Court of Appeals in Dallas, Texas. In an opinion issued in July 2010, the appellate court reversed portions of the trial court's judgment, ruling that the contracts' liquidated damage provision is an enforceable liquidated damage clause. The appellate court has remanded the case back to the trial court for further proceedings to determine the amount of damages payable by the NextEra Energy Resources Affiliates. The NextEra Energy Resources Affiliates filed a motion for rehearing of the appellate court's decision, which motion was denied, and will appeal the appellate court decision to the Texas Supreme Court.

NextEra Energy and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NextEra Energy and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which NextEra Energy or FPL has an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the liabilities from which, if any, would be shared by NextEra Energy or FPL. In the event that NextEra Energy and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, 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 NextEra Energy or FPL.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**15. Segment Information**

NextEra Energy's reportable segments are FPL, a rate-regulated utility, and NextEra Energy Resources, a competitive energy business. Beginning in 2010, NextEra Energy Resources' segment information includes an allocation of interest expense from Capital Holdings based on a deemed capital structure of 70% debt and allocated shared service costs. These changes were made to reflect an expected average capital structure at Capital Holdings and more accurately reflect NextEra Energy Resources' operating costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NextEra Energy's operating revenues derived from the sale of electricity represented approximately 95%, 98% and 96% of NextEra Energy's operating revenues for the years ended December 31, 2010, 2009 and 2008. Less than 1% of operating revenues were from foreign sources for each of the three years ended December 31, 2010, 2009 and 2008. At December 31, 2010 and 2009, approximately 1% of long-lived assets were located in foreign countries.

NextEra Energy's segment information is as follows:

	2010				2009				2008			
	FPL	NextEra Energy Resources <sup>(a)</sup>	Corp. and Other	Total	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corp. and Other <sup>(c)</sup>	Total	FPL	NextEra Energy Resources <sup>(a)(c)</sup>	Corp. and Other <sup>(c)</sup>	Total
	(millions)											
Operating revenues	\$10,485	\$ 4,636	\$ 196	\$15,317	\$11,491	\$ 3,997	\$ 155	\$15,643	\$ 11,649	\$ 4,570	\$ 191	\$16,410
Operating expenses	\$ 8,636	\$ 3,286	\$ 152	\$12,074	\$ 9,910	\$ 3,024	\$ 115	\$13,049	\$ 10,120	\$ 3,305	\$ 160	\$13,585
Interest expense	\$ 361	\$ 515	\$ 103	\$ 979	\$ 318	\$ 460	\$ 71	\$ 849	\$ 334	\$ 418	\$ 61	\$ 813
Interest income	\$ -	\$ 21	\$ 70	\$ 91	\$ 1	\$ 23	\$ 54	\$ 78	\$ 11	\$ 27	\$ 34	\$ 72
Depreciation and amortization	\$ 1,008	\$ 778	\$ 21	\$ 1,807	\$ 1,097	\$ 651	\$ 17	\$ 1,765	\$ 860	\$ 565	\$ 17	\$ 1,442
Equity in earnings of equity method investees	\$ -	\$ 58	\$ -	\$ 58	\$ -	\$ 52	\$ -	\$ 52	\$ -	\$ 93	\$ -	\$ 93
Income tax expense (benefit) <sup>(b)</sup>	\$ 580	\$ (11)	\$ (37)	\$ 532	\$ 473	\$ (158)	\$ 12	\$ 327	\$ 443	\$ 27	\$ (20)	\$ 450
Net income (loss)	\$ 945	\$ 980	\$ 32	\$ 1,957	\$ 831	\$ 759	\$ 25	\$ 1,615	\$ 789	\$ 831	\$ 19	\$ 1,639
Capital expenditures, independent power and other investments and nuclear fuel purchases	\$ 2,706	\$ 3,072	\$ 68	\$ 5,846	\$ 2,717	\$ 3,235	\$ 54	\$ 6,006	\$ 2,367	\$ 2,829	\$ 40	\$ 5,236
Property, plant and equipment	\$32,423	\$21,304	\$ 494	\$54,221	\$30,982	\$ 18,844	\$ 343	\$50,169	\$28,972	\$16,268	\$ 288	\$45,528
Accumulated depreciation and amortization	\$10,871	\$ 4,073	\$ 202	\$15,146	\$10,578	\$ 3,341	\$ 172	\$14,091	\$ 10,189	\$ 2,771	\$ 157	\$13,117
Total assets	\$28,698	\$22,389	\$ 1,907	\$52,994	\$26,812	\$ 20,136	\$ 1,510	\$48,458	\$26,175	\$17,157	\$ 1,489	\$44,821
Investment in equity method investees	\$ -	\$ 217	\$ 10	\$ 227	\$ -	\$ 173	\$ 10	\$ 183	\$ -	\$ 189	\$ 9	\$ 198

(a) Interest expense allocated from Capital Holdings to NextEra Energy Resources is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by NextEra Energy Resources' subsidiaries is included with debt. Residual non-utility interest expense is included in Corporate and Other.

(b) NextEra Energy Resources' tax expense (benefit) includes PTCs that were recognized based on its tax sharing agreement with NextEra Energy. See Note 1 - Income Taxes.

(c) Segment information restated for the changes discussed above.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**16. Summarized Financial Information of Capital Holdings**

Capital Holdings, a 100% owned subsidiary of NextEra Energy, provides funding for and holds ownership interests in NextEra Energy's operating subsidiaries other than FPL. Most of Capital Holdings' debt, including its debentures, and payment guarantees are fully and unconditionally guaranteed by NextEra Energy. Condensed consolidating financial information is as follows:

**Condensed Consolidating Statements of Income**

	Year Ended December 31, 2010				Year Ended December 31, 2009				Year Ended December 31, 2008			
	NextEra Energy (Guaran- tor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated
	(millions)											
Operating revenues	\$ -	\$ 4,843	\$ 10,474	\$ 15,317	\$ -	\$ 4,164	\$ 11,479	\$ 15,643	\$ -	\$ 4,770	\$ 11,640	\$ 16,410
Operating expenses	(4)	(3,446)	(8,624)	(12,074)	-	(3,151)	(9,898)	(13,049)	-	(3,474)	(10,111)	(13,585)
Interest expense	(15)	(618)	(346)	(979)	(17)	(531)	(301)	(849)	(18)	(479)	(316)	(813)
Other income (deductions) - net	1,947	188	(1,910)	225	1,632	160	(1,595)	197	1,663	44	(1,630)	77
Income (loss) before income taxes	1,928	967	(406)	2,489	1,615	642	(315)	1,942	1,645	861	(417)	2,089
Income tax expense (benefit)	(29)	(19)	580	532	-	(145)	472	327	6	2	442	450
Net income (loss)	\$ 1,957	\$ 986	\$ (986)	\$ 1,957	\$ 1,615	\$ 787	\$ (787)	\$ 1,615	\$ 1,639	\$ 859	\$ (859)	\$ 1,639

(a) Represents FPL and consolidating adjustments.

**Condensed Consolidating Balance Sheets**

	December 31, 2010				December 31, 2009			
	NextEra Energy (Guaran- tor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guaran- tor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated
	(millions)							
<b>PROPERTY, PLANT AND EQUIPMENT</b>								
Electric utility plant in service and other property	\$ 19	\$ 21,779	\$ 32,423	\$ 54,221	\$ 2	\$ 19,185	\$ 30,992	\$ 50,169
Less accumulated depreciation and amortization	-	(4,275)	(10,871)	(15,146)	-	(3,513)	(10,578)	(14,091)
Total property, plant and equipment - net	19	17,504	21,552	39,075	2	15,672	20,404	36,078
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	-	282	20	302	-	156	82	238
Receivables	654	1,380	548	2,582	453	1,247	547	2,247
Other	9	1,024	1,341	2,374	4	1,258	590	1,852
Total current assets	663	2,686	1,909	5,258	457	2,661	1,219	4,337
<b>OTHER ASSETS</b>								
Investment in subsidiaries	14,150	-	(14,150)	-	12,785	-	(12,785)	-
Other	365	3,845	4,451	8,661	557	3,257	4,229	8,043
Total other assets	14,515	3,845	(9,699)	8,661	13,342	3,257	(8,556)	8,043
<b>TOTAL ASSETS</b>	<b>\$ 15,197</b>	<b>\$ 24,035</b>	<b>\$ 13,762</b>	<b>\$ 52,994</b>	<b>\$ 13,801</b>	<b>\$ 21,590</b>	<b>\$ 13,067</b>	<b>\$ 48,458</b>
<b>CAPITALIZATION</b>								
Common shareholders' equity	\$ 14,461	\$ 4,359	\$ (4,359)	\$ 14,461	\$ 12,967	\$ 4,349	\$ (4,349)	\$ 12,967
Long-term debt	-	11,331	6,682	18,013	-	10,506	5,794	16,300
Total capitalization	14,461	15,690	2,323	32,474	12,967	14,855	1,445	29,267
<b>CURRENT LIABILITIES</b>								
Debt due within one year	-	2,664	145	2,809	-	1,729	860	2,589
Accounts payable	-	571	553	1,124	-	453	539	992
Other	352	1,361	1,258	2,971	417	1,170	1,281	2,868
Total current liabilities	352	4,596	1,956	6,904	417	3,352	2,680	6,449
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>								
Asset retirement obligations	-	556	1,083	1,639	-	585	1,833	2,418
Accumulated deferred income taxes	53	1,336	3,720	5,109	94	1,318	3,448	4,860
Regulatory liabilities	46	-	4,213	4,259	16	-	3,166	3,182
Other	285	1,857	467	2,609	307	1,480	495	2,282
Total other liabilities and deferred credits	384	3,749	9,483	13,616	417	3,383	8,942	12,742
<b>COMMITMENTS AND CONTINGENCIES</b>								
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 15,197</b>	<b>\$ 24,035</b>	<b>\$ 13,762</b>	<b>\$ 52,994</b>	<b>\$ 13,801</b>	<b>\$ 21,590</b>	<b>\$ 13,067</b>	<b>\$ 48,458</b>

(a) Represents FPL and consolidating adjustments.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2010				Year Ended December 31, 2009				Year Ended December 31, 2008			
	NextEra Energy (Guar- antor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guar- antor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated	NextEra Energy (Guar- antor)	Capital Holdings	Other <sup>(a)</sup>	NextEra Energy Consoli- dated
	(millions)											
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,178	\$ 1,940	\$ 716	\$ 3,834	\$ 591	\$ 1,513	\$ 2,359	\$ 4,463	\$ 766	\$ 1,182	\$ 1,455	\$ 3,403
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures, independent power and other investments and nuclear fuel purchases	-	(3,140)	(2,706)	(5,846)	-	(3,289)	(2,717)	(6,006)	(12)	(2,857)	(2,367)	(5,236)
Capital contribution to FPL	(660)	-	660	-	-	-	-	-	(75)	-	75	-
Cash grants under the Recovery Act	-	428	160	588	-	100	-	100	-	-	-	-
Funding of loan	-	-	-	-	-	-	-	-	-	(500)	-	(500)
Other - net	-	5	(31)	(26)	(7)	1	(23)	(29)	-	-	(72)	(72)
Net cash used in investing activities	(660)	(2,707)	(1,917)	(5,284)	(7)	(3,188)	(2,740)	(5,935)	(87)	(3,357)	(2,364)	(5,808)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	-	2,800	924	3,724	-	2,704	516	3,220	-	3,238	589	3,827
Retirements of long-term debt	-	(727)	(42)	(769)	-	(1,371)	(264)	(1,635)	-	(1,118)	(240)	(1,358)
Proceeds from sale of differential membership interests	-	261	-	261	-	-	-	-	-	-	-	-
Net change in short-term debt	-	(414)	(716)	(1,130)	-	110	44	154	-	917	(69)	848
Issuances of common stock - net	308	-	-	308	198	-	-	198	41	-	-	41
Dividends on common stock	(823)	-	-	(823)	(766)	-	-	(766)	(714)	-	-	(714)
Other - net	(3)	(1,027)	973	(57)	(16)	(26)	46	4	(6)	(675)	687	6
Net cash provided by (used in) financing activities	(518)	893	1,139	1,514	(584)	1,417	342	1,175	(679)	2,362	967	2,650
Net increase (decrease) in cash and cash equivalents	-	126	(62)	64	-	(258)	(39)	(297)	-	187	58	245
Cash and cash equivalents at beginning of year	-	156	82	238	-	414	121	535	-	227	63	290
Cash and cash equivalents at end of year	\$ -	\$ 282	\$ 20	\$ 302	\$ -	\$ 156	\$ 82	\$ 238	\$ -	\$ 414	\$ 121	\$ 535

(a) Represents FPL and consolidating adjustments.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Concluded)**

**17. Quarterly Data (Unaudited)**

Condensed consolidated quarterly financial information is as follows:

	March 31 <sup>(a)</sup>	June 30 <sup>(a)</sup>	September 30 <sup>(a)</sup>	December 31 <sup>(a)</sup>
	(millions, except per share amounts)			
<b>NEXTERA ENERGY:</b>				
<b>2010</b>				
Operating revenues <sup>(b)</sup>	\$ 3,622	\$ 3,591	\$ 4,691	\$ 3,413
Operating income <sup>(b)</sup>	\$ 939	\$ 709	\$ 1,125	\$ 469
Net income <sup>(b)</sup>	\$ 556	\$ 417	\$ 720	\$ 263
Earnings per share <sup>(c)</sup>	\$ 1.36	\$ 1.02	\$ 1.75	\$ 0.64
Earnings per share - assuming dilution <sup>(c)</sup>	\$ 1.36	\$ 1.01	\$ 1.74	\$ 0.63
Dividends per share	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
High-low common stock sales prices	\$ 53.75-45.29	\$ 53.50-47.96	\$ 55.98-48.44	\$ 56.26-50.00
<b>2009</b>				
Operating revenues <sup>(b)</sup>	\$ 3,705	\$ 3,811	\$ 4,473	\$ 3,655
Operating income <sup>(b)</sup>	\$ 583	\$ 605	\$ 849	\$ 557
Net income <sup>(b)</sup>	\$ 364	\$ 370	\$ 533	\$ 349
Earnings per share <sup>(c)</sup>	\$ 0.90	\$ 0.92	\$ 1.32	\$ 0.86
Earnings per share - assuming dilution <sup>(c)</sup>	\$ 0.90	\$ 0.91	\$ 1.31	\$ 0.85
Dividends per share	\$0.4725	\$0.4725	\$0.4725	\$0.4725
High-low common stock sales prices	\$ 53.99-41.48	\$ 59.00-49.70	\$ 60.61-53.13	\$ 56.57-48.55
<b>FPL:</b>				
<b>2010</b>				
Operating revenues <sup>(b)</sup>	\$ 2,328	\$ 2,580	\$ 3,116	\$ 2,461
Operating income <sup>(b)</sup>	\$ 393	\$ 501	\$ 584	\$ 371
Net income <sup>(b)</sup>	\$ 191	\$ 265	\$ 308	\$ 181
<b>2009</b>				
Operating revenues <sup>(b)</sup>	\$ 2,573	\$ 2,864	\$ 3,301	\$ 2,753
Operating income <sup>(b)</sup>	\$ 262	\$ 396	\$ 554	\$ 369
Net income <sup>(b)</sup>	\$ 127	\$ 213	\$ 306	\$ 186

(a) In the opinion of NextEra Energy 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.

(b) The sum of the quarterly amounts may not equal the total for the year due to rounding.

(c) 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, 2010, each of NextEra Energy and FPL had performed an evaluation, under the supervision and with the participation of its management, including NextEra Energy'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 the Securities Exchange Act of 1934 Rule 13a-15(e) or 15d-15(e)). Based upon that evaluation, the chief executive officer and chief financial officer of each of NextEra Energy and FPL concluded that the company's disclosure controls and procedures were effective as of December 31, 2010.

#### *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

NextEra Energy 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 NextEra Energy and FPL. However, there has been no change in NextEra Energy's or FPL's internal control over financial reporting that occurred during NextEra Energy's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NextEra Energy's or FPL's internal control over financial reporting.

### Item 9B. Other Information

The following amounts previously reported in the condensed consolidated statements of cash flows and proceeds from sale of securities in Note 4 to the respective Quarterly Reports on Form 10-Q have been restated primarily to include purchase and sale activities related to overnight securities to be consistent with prior years' quarters. Total cash flows from operating, investing and financing activities did not change as a result of these restatements.

	March 31, 2010	June 30, 2010 (millions)	September 30, 2010
<b>NEXTERA ENERGY:</b>			
Proceeds from sale of securities in special use funds:			
As reported	\$ 1,900	\$ 3,063	\$ 4,092
As restated	\$ 2,563	\$ 4,138	\$ 5,350
Purchases of securities in special use funds:			
As reported	\$ 1,937	\$ 3,123	\$ 4,177
As restated	\$ 2,600	\$ 4,198	\$ 5,435
<b>FPL:</b>			
Proceeds from sale of securities in special use funds:			
As reported	\$ 1,608	\$ 2,425	\$ 3,051
As restated	\$ 2,199	\$ 3,313	\$ 4,088
Purchases of securities in special use funds:			
As reported	\$ 1,639	\$ 2,472	\$ 3,114
As restated	\$ 2,230	\$ 3,360	\$ 4,151

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Corporate Governance and Board Matters" and "Information About NextEra Energy and Management" in NextEra Energy's Proxy Statement which will be filed with the SEC in connection with the 2011 Annual Meeting of Shareholders (NextEra Energy's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business - Executive Officers of NextEra Energy.

NextEra Energy has adopted the NextEra Energy, Inc. Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available in the Governance section of NextEra Energy's internet website at [www.nexteraenergy.com](http://www.nexteraenergy.com). Any amendments to, or waivers of any provision of, the Senior Financial Executive Code which are required to be disclosed to shareholders under applicable SEC rules will be disclosed on the NextEra Energy website at the address listed above within the time period required under SEC rules from time to time.

### Item 11. Executive Compensation

The information required by this item will be included in NextEra Energy's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" 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 will be included in NextEra Energy's Proxy Statement under the headings "Business of the Annual Meeting" and "Information About NextEra Energy and Management" and is incorporated herein by reference.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NextEra Energy's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

### Item 14. Principal Accounting Fees and Services

**NextEra Energy** - The information required by this item will be included in NextEra Energy's Proxy Statement under the heading "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, 2010 and 2009. The amounts presented below reflect allocations from NextEra Energy for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2010	2009
Audit fees <sup>(a)</sup>	\$ 2,724,000	\$ 2,706,000
Audit-related fees <sup>(b)</sup>	423,000	252,000
Tax fees <sup>(c)</sup>	33,000	30,000
All other fees <sup>(d)</sup>	197,000	4,000
Total	<u>\$ 3,377,000</u>	<u>\$ 2,992,000</u>

(a) Audit fees consist of fees billed for professional services rendered for the audit of FPL's and NextEra Energy's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and NextEra Energy's Quarterly Reports on Form 10-Q for the fiscal year 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 NextEra Energy'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 NextEra Energy'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, consultation on accounting standards and on transactions, agreed-upon procedures and examinations related to applications for government grants.

(c) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2010 and 2009, all tax fees paid 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 2010, these fees related to training, the review of the Smart Grid Grant process and the review of Enterprise Risk Management reporting. In 2009, these fees related to the use of data extraction software.

In accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, NextEra Energy's Audit Committee's pre-approval policy for services provided by the independent auditor to FPL and the charter of the Audit Committee, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain trust funds where the fees are paid by the trust. 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. 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 2010 and 2009, no services provided to NextEra Energy or FPL by Deloitte & Touche were approved by the Audit Committee after services were rendered pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X (which provides for a waiver of the otherwise applicable pre-approval requirement if certain conditions are met).

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

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2. Financial Statement Schedules - Schedules are omitted as not applicable or not required.	
3. Exhibits (including those incorporated by reference)	

Certain exhibits listed below refer to "FPL Group" and "FPL Group Capital," and were effective prior to the change of the name FPL Group, Inc. to NextEra Energy, Inc., and of the name FPL Group Capital Inc to NextEra Energy Capital Holdings, Inc., during 2010.

Exhibit Number	Description	NextEra Energy	FPL
*3(i)a	Restated Articles of Incorporation of NextEra Energy (filed as Exhibit 3(i) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	
3(i)b	Restated Articles of Incorporation of FPL		x
*3(ii)a	Amended and Restated Bylaws of NextEra Energy, as amended through May 21, 2010 (filed as Exhibit 3(ii) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	
*3(ii)b	Amended and Restated Bylaws of FPL, as amended through October 17, 2008 (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30, 2008, File No. 2-27612)		x

Exhibit Number	Description	NextEra Energy	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and sixteen 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; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated October 10, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; and Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612)	x	x
*4(b)	Indenture, dated as of June 1, 1999, between FPL Group Capital and The Bank of New York Mellon, 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 Mellon (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 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(e)	Officer's Certificate of FPL Group Capital dated June 17, 2008, creating the 5.35% Debentures, Series due June 15, 2013 (filed as Exhibit 4(a) to Form 8-K dated June 17, 2008, File No. 1-8841)	x	

Exhibit Number	Description	NextEra Energy	FPL
*4(f)	Officer's Certificate of FPL Group Capital dated June 17, 2008, creating the Floating Rate Debentures, Series due June 17, 2011 (filed as Exhibit 4(b) to Form 8-K dated June 17, 2008, File No. 1-8841)	x	
*4(g)	Officer's Certificate of FPL Group Capital dated December 12, 2008, creating the 7 7/8% Debentures, Series due December 15, 2015 (filed as Exhibit 4 to Form 8-K dated December 12, 2008, File No. 1-8841)	x	
*4(h)	Officer's Certificate of FPL Group Capital, dated March 9, 2009, creating the 6.00% Debentures, Series due March 1, 2019 (filed as Exhibit 4 to Form 8-K dated March 9, 2009, file No. 1-8841)	x	
*4(i)	Officer's Certificate of FPL Group Capital, dated May 26, 2009, creating the Series C Debentures due June 1, 2014 (filed as Exhibit 4(c) to Form 8-K dated May 22, 2009, File No. 1-8841)	x	
*4(j)	Officer's Certificate of FPL Group Capital dated November 10, 2009, creating the Floating Rate Debentures, Series due November 9, 2012 (filed as Exhibit 4 to Form 8-K dated November 10, 2009, File No. 1-8841)	x	
*4(k)	Officer's Certificate of FPL Group Capital dated May 18, 2010, creating the Debentures, 2.55% Series due November 15, 2013 (filed as Exhibit 4 to Form 8-K dated May 18, 2010, File No. 1-8841)	x	
*4(l)	Officer's Certificate of FPL Group Capital, dated August 31, 2010, creating the Debentures, 2.60% Series due September 1, 2015 (filed as Exhibit 4 to Form 8-K dated August 31, 2010, File No. 1-8841)	x	
*4(m)	Officer's Certificate of FPL Group Capital, dated September 21, 2010, creating the Series D Debentures due September 1, 2015 (filed as Exhibit 4(c) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(n)	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 Mellon (as Trustee) (filed as Exhibit 4(a) 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(o)	Preferred Trust Securities Guarantee Agreement between FPL Group (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) relating to FPL Group Capital Trust I, 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(p)	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(q)	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	
*4(r)	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(s)	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 Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	

Exhibit Number	Description	NextEra Energy	FPL
*4(t)	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(u)	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(v)	Replacement Capital Covenant dated September 19, 2006 by FPL Group Capital and FPL Group relating to FPL Group Capital's Series A and Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(w)	Officer's Certificate of FPL Group Capital and FPL Group dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(x)	Replacement Capital Covenant, dated June 12, 2007, by FPL Group Capital and FPL Group relating to FPL Group Capital's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(y)	Officer's Certificate of FPL Group Capital and FPL Group dated September 17, 2007, creating the Series D Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated September 17, 2007, File No. 1-8841)	x	
*4(z)	Officer's Certificate of FPL Group Capital and FPL Group dated September 18, 2007, creating the Series E Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated September 17, 2007, File No. 1-8841)	x	
*4(aa)	Replacement Capital Covenant, dated September 18, 2007, by FPL Group Capital and FPL Group relating to FPL Group Capital's Series D and Series E Junior Subordinated Debentures due 2067 (filed as Exhibit 4(c) to Form 8-K dated September 17, 2007, File No. 1-8841)	x	
*4(bb)	Officer's Certificate of FPL Group Capital and FPL Group, dated March 19, 2009, creating the Series F Junior Subordinated Debentures due 2069 (filed as Exhibit 4(b) to Form 8-K dated March 17, 2009, File No. 1-8841)	x	
*4(cc)	Replacement Capital Covenant, dated March 19, 2009, by FPL Group Capital and FPL Group (filed as Exhibit 4(c) to Form 8-K dated March 17, 2009, File No. 1-8841)	x	
*4(dd)	Indenture (for Securing Senior Secured Bonds, Series A), dated May 22, 2007, between FPL Recovery Funding LLC (as Issuer) and The Bank of New York Mellon (as Trustee and Securities Intermediary) (filed as Exhibit 4.1 to Form 8-K dated May 22, 2007 and filed June 1, 2007, File No. 333-141357)		x
*4(ee)	Purchase Contract Agreement, dated as of May 1, 2009, between FPL Group and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated May 22, 2009, File No. 1-8841)	x	
*4(ff)	Pledge Agreement, dated as of May 1, 2009, among FPL Group, Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent and Trustee (filed as Exhibit 4(b) to Form 8-K dated May 22, 2009, File No. 1-8841)	x	
*4(gg)	Purchase Contract Agreement, dated as of September 1, 2010, between NextEra Energy and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	

Exhibit Number	Description	NextEra Energy	FPL
*4(hh)	Pledge Agreement, dated as of September 1, 2010, among NextEra Energy, Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*10(a)	FPL Group Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (SERP) (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(b)	FPL Group Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (Restated SERP) (filed as Exhibit 10(b) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
*10(c)	Amendment Number 1 to the Restated SERP changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	x
*10(d)	Appendix A1 (revised as of January 1, 2010) to the Restated SERP (filed as Exhibit 10(e) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(e)	Appendix A2 (revised as of August 16, 2010) to the Restated SERP (filed as Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 2010, File No. 1-8841)	x	x
*10(f)	Amended and Restated Supplement to the Restated SERP as it applies to Lewis Hay, III effective January 1, 2005 (filed as Exhibit 10(c) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
*10(g)	Supplement to the SERP 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)	Supplement to the Restated SERP relating to a special credit to certain executive officers and other officers effective February 15, 2008 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x
*10(i)	Supplement to the Restated SERP effective February 15, 2008 as it applies to Armando Pimentel, Jr. (filed as Exhibit 10(i) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x
*10(j)	Supplement to the SERP effective December 14, 2007 as it applies to Manoochehr K. Nazar (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(k)	NextEra Energy (formerly known as FPL Group) Amended and Restated Long-Term Incentive Plan, most recently amended and restated on May 22, 2009 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(l)	FPL Group Long-Term Incentive Plan of 1985, as amended (filed as Exhibit 99(h) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669)	x	x
*10(m)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement effective February 15, 2007 (filed as Exhibit 10(i) to Form 10-K for the year ended December 31, 2006, File No. 1-8841)	x	x
*10(n)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement effective February 15, 2008 (filed as Exhibit 10(c) to Form 8-K dated February 15, 2008, File No. 1-8841)	x	x

Exhibit Number	Description	NextEra Energy	FPL
*10(o)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement effective February 13, 2009 with Christopher A. Bennett, Paul I. Cutler, Chris N. Froggatt, Joseph T. Kelliher, Robert L. McGrath and Antonio Rodriguez (filed as Exhibit 10(l) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)	x	x
*10(p)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Amended and Restated Performance Share Award Agreement effective December 10, 2009 with F. Mitchell Davidson, Lewis Hay, III, Manoochehr K. Nazar, Armando J. Olivera, Armando Pimentel, Jr., James L. Robo and Charles E. Sieving (filed as Exhibit 10(p) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(q)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement effective February 12, 2010 (filed as Exhibit 10(q) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(r)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 15, 2007 (filed as Exhibit 10(l) to Form 10-K for the year ended December 31, 2006, File No. 1-8841)	x	x
*10(s)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 15, 2008 (filed as Exhibit 10(a) to Form 8-K dated February 15, 2008, File No. 1-8841)	x	x
*10(t)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 13, 2009 (filed as Exhibit 10(q) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)	x	x
*10(u)	Form of Amendment to Restricted Stock Award Agreements under the FPL Group Amended and Restated Long-Term Incentive Plan executed March 2009 between FPL Group and each of Christopher A. Bennett, F. Mitchell Davidson, Lewis Hay, III, Robert L. McGrath, Armando J. Olivera, Armando Pimentel, Jr., James L. Robo and Antonio Rodriguez (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2009, File No. 1-8841)	x	x
*10(v)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 12, 2010 (filed as Exhibit 10(w) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(w)	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(x)	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 Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(y)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 15, 2008 (filed as Exhibit 10(b) to Form 8-K dated February 15, 2008, File No. 1-8841)	x	x
*10(z)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 13, 2009 (filed as Exhibit 10(u) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)	x	x
*10(aa)	Form of FPL Group Amended and Restated Long-Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 12, 2010 (filed as Exhibit 10(bb) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x

Exhibit Number	Description	NextEra Energy	FPL
*10(bb)	Form of FPL Group Amended and Restated Long-Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group and each of Moray P. Dewhurst and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(cc)	FPL Group Executive Annual Incentive Plan as amended and restated on December 12, 2008 (filed as Exhibit 10(a) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
10(dd)	NextEra Energy Deferred Compensation Plan effective January 1, 2005 as amended and restated through October 15, 2010	x	x
*10(ee)	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(ff)	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(gg)	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(hh)	FPL Group 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)	x	
*10(ii)	FPL Group Non-Employee Director Compensation Summary effective January 1, 2010 (filed as Exhibit 10(ii) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	
10(jj)	NextEra Energy Non-Employee Director Compensation Summary effective January 1, 2011	x	
*10(kk)	Form of Amended and Restated Executive Retention Employment Agreement, as of December 12, 2008, between FPL Group and each of Christopher A. Bennett, Robert L. McGrath and Antonio Rodriguez (filed as Exhibit 10(g) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
*10(ll)	Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group and each of Lewis Hay, III, Moray P. Dewhurst, James L. Robo, Armando J. Olivera, F. Mitchell Davidson, Armando Pimentel, Jr., and Charles E. Sieving (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(mm)	Amended and Restated Employment Letter with Lewis Hay, III dated December 10, 2009 (filed as Exhibit 10(pp) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(nn)	Executive Retention Employment Agreement between FPL Group and Joseph T. Kelliher dated as of May 21, 2009 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(oo)	Executive Retention Employment Agreement between FPL Group and Manoochehr K. Nazar dated as of January 1, 2010 (filed as Exhibit 10(rr) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(pp)	Executive Retention Employment Agreement between NextEra Energy and Shaun J. Francis dated as of August 16, 2010 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2010, File No. 1-8841)	x	x

Exhibit Number	Description	NextEra Energy	FPL
*10(qq)	Retention Agreement between FPL Group and Robert L. McGrath (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	x
*10(rr)	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 NextEra Energy	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 NextEra Energy	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy	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 NextEra Energy	x	
32(b)	Section 1350 Certification of FPL		x
101.INS	XBRL Instance Document	x	
101.SCH	XBRL Schema Document	x	
101.PRE	XBRL Presentation Linkbase Document	x	
101.CAL	XBRL Calculation Linkbase Document	x	
101.LAB	XBRL Label Linkbase Document	x	
101.DEF	XBRL Definition Linkbase Document	x	

\* Incorporated herein by reference

NextEra Energy and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NextEra Energy and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

## NEXTERA ENERGY, 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.

NextEra Energy, Inc.

**JAMES L. ROBO**

**James L. Robo**

President and Chief Operating Officer

Date: February 25, 2011

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 25, 2011:

**LEWIS HAY, III**

**Lewis Hay, III**

Chairman and Chief Executive Officer  
and Director  
(Principal Executive Officer)

**CHRIS N. FROGGATT**

**Chris N. Froggatt**

Vice President, Controller and Chief Accounting  
Officer  
(Principal Accounting Officer)

**ARMANDO PIMENTEL, JR.**

**Armando Pimentel, Jr.**

Executive Vice President, Finance  
and Chief Financial Officer  
(Principal Financial Officer)

Directors:

**SHERRY S. BARRAT**

**Sherry S. Barrat**

**TONI JENNINGS**

**Toni Jennings**

**ROBERT M. BEALL, II**

**Robert M. Beall, II**

**OLIVER D. KINGSLEY, JR.**

**Oliver D. Kingsley, Jr.**

**J. HYATT BROWN**

**J. Hyatt Brown**

**RUDY E. SCHUPP**

**Rudy E. Schupp**

**JAMES L. CAMAREN**

**James L. Camaren**

**WILLIAM H. SWANSON**

**William H. Swanson**

**KENNETH B. DUNN**

**Kenneth B. Dunn**

**MICHAEL H. THAMAN**

**Michael H. Thaman**

**J. BRIAN FERGUSON**

**J. Brian Ferguson**

**HANSEL E. TOOKES, II**

**Hansel E. Tookes, II**

## 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 and in the capacities and on the date indicated.

Florida Power & Light Company

**ARMANDO J. OLIVERA**

**Armando J. Olivera**

President and Chief Executive Officer  
and Director  
(Principal Executive Officer)

Date: February 25, 2011

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 25, 2011:

**ARMANDO PIMENTEL, JR.**

**Armando Pimentel, Jr.**

Executive Vice President, Finance  
and Chief Financial Officer and Director  
(Principal Financial Officer)

**KIMBERLY OUSDAHL**

**Kimberly Ousdahl**

Vice President, Controller and Chief Accounting  
Officer  
(Principal Accounting Officer)

Directors:

**LEWIS HAY, III**

**Lewis Hay, III**

**JAMES L. ROBO**

**James L. Robo**

**ANTONIO RODRIGUEZ**

**Antonio Rodriguez**

**Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 by Registrants 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 security holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

**Exhibit 12(a)**

**NEXTERA ENERGY, INC. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND**  
**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS<sup>(a)</sup>**

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(millions of dollars)				
Earnings, as defined:					
Net income	\$ 1,957	\$ 1,615	\$ 1,639	\$ 1,312	\$ 1,281
Income taxes	532	327	450	368	397
Fixed charges included in the determination of net income, as below	1,025	899	859	799	732
Amortization of capitalized interest	21	17	15	12	11
Distributed income of equity method investees	74	69	124	175	104
Less: Equity in earnings of equity method investees	58	52	93	68	181
Total earnings, as defined	<u>\$3,551</u>	<u>\$2,875</u>	<u>\$2,994</u>	<u>\$2,598</u>	<u>\$2,344</u>
Fixed charges, as defined:					
Interest expense	\$ 979	\$ 849	\$ 813	\$ 762	\$ 706
Rental interest factor	32	28	28	23	15
Allowance for borrowed funds used during construction	14	22	18	14	11
Fixed charges included in the determination of net income	1,025	899	859	799	732
Capitalized interest	75	88	55	40	18
Total fixed charges, as defined	<u>\$1,100</u>	<u>\$ 987</u>	<u>\$ 914</u>	<u>\$ 839</u>	<u>\$ 750</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>3.23</u>	<u>2.91</u>	<u>3.28</u>	<u>3.10</u>	<u>3.13</u>

(a) NextEra Energy, 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<sup>(a)</sup>**

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(millions of dollars)				
Earnings, as defined:					
Net income	\$ 945	\$ 831	\$ 789	\$ 836	\$ 802
Income taxes	580	473	443	451	424
Fixed charges included in the determination of net income, as below	382	347	359	325	296
Total earnings, as defined	<u>\$ 1,907</u>	<u>\$ 1,651</u>	<u>\$ 1,591</u>	<u>\$ 1,612</u>	<u>\$ 1,522</u>
Fixed charges, as defined:					
Interest expense	\$ 361	\$ 318	\$ 334	\$ 304	\$ 278
Rental interest factor	8	7	7	7	7
Allowance for borrowed funds used during construction	13	22	18	14	11
Fixed charges included in the determination of net income	382	347	359	325	296
Capitalized interest	3	2	-	-	-
Total fixed charges, as defined	<u>\$ 385</u>	<u>\$ 349</u>	<u>\$ 359</u>	<u>\$ 325</u>	<u>\$ 296</u>
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends <sup>(a)</sup>	<u>4.95</u>	<u>4.73</u>	<u>4.43</u>	<u>4.96</u>	<u>5.14</u>

(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 21

### SUBSIDIARIES OF NEXTERA ENERGY, INC.

NextEra Energy, Inc.'s principal subsidiaries as of December 31, 2010 are listed below.

<u>Subsidiary</u>	<u>State or Jurisdiction of Incorporation</u>
1. Florida Power & Light Company (100%-owned)	Florida
2. NextEra Energy Capital Holdings, Inc. (100%-owned)	Florida
3. NextEra Energy Resources, LLC <sup>(a)(b)</sup>	Delaware
4. Palms Insurance Company, Limited <sup>(b)</sup>	Cayman Islands

(a) Includes 390 subsidiaries that operate in the United States and 39 subsidiaries that operate in foreign countries in the same line of business as NextEra Energy Resources, LLC.

(b) 100%-owned subsidiary of NextEra Energy Capital Holdings, Inc.

## Exhibit 23

### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 25, 2011, relating to the consolidated financial statements of NextEra Energy, Inc. and subsidiaries (NextEra Energy) (formerly FPL Group, Inc.) and Florida Power & Light Company and subsidiaries (FPL) and the effectiveness of NextEra Energy's and FPL's internal control over financial reporting, appearing in this Annual Report on Form 10-K of NextEra Energy and FPL for the year ended December 31, 2010:

**NextEra Energy, Inc.**

Form S-8	No. 33-11631
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. 333-160987
Form S-8	No. 333-143739
Form S-3	No. 333-159011

**FPL Group Trust I**

Form S-3	No. 333-160987-02
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**FPL Group Trust II**

Form S-3	No. 333-160987-01
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**Florida Power & Light Company**

Form S-3	No. 333-160987-07
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**Florida Power & Light Company Trust I**

Form S-3	No. 333-160987-06
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**Florida Power & Light Company Trust II**

Form S-3	No. 333-160987-05
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**NextEra Energy Capital Holdings, Inc. (formerly FPL Group Capital Inc)**

Form S-3	No. 333-160987-08
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**FPL Group Capital Trust II**

Form S-3	No. 333-160987-04
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**FPL Group Capital Trust III**

Form S-3	No. 333-160987-03
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DELOITTE & TOUCHE LLP

Miami, Florida

February 25, 2011

**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 annual period ended December 31, 2010 of NextEra Energy, 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 25, 2011

**LEWIS HAY, III**  
\_\_\_\_\_  
Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**Exhibit 31(b)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2010 of NextEra Energy, 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 25, 2011

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer  
of NextEra Energy, Inc.

**Exhibit 31(c)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando J. Olivera, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2010 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 25, 2011

**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer  
of Florida Power & Light Company

**Exhibit 31(d)**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Armando Pimentel, Jr., certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2010 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 25, 2011

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive Vice President, Finance  
and Chief Financial Officer of  
Florida Power & Light Company

**Exhibit 32(a)**

**Section 1350 Certification**

We, Lewis Hay, III and Armando Pimentel, Jr., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Annual Report on Form 10-K of NextEra Energy, Inc. (NextEra Energy) for the annual period ended December 31, 2010 (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 NextEra Energy.

Dated: February 25, 2011

**LEWIS HAY, III**

---

Lewis Hay, III  
Chairman and Chief Executive Officer  
of NextEra Energy, Inc.

**ARMANDO PIMENTEL, JR.**

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Armando Pimentel, Jr.  
Executive Vice President, Finance and  
Chief Financial Officer of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to NextEra Energy and will be retained by NextEra Energy 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 NextEra Energy 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, Armando J. Olivera and Armando Pimentel, Jr., 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 annual period ended December 31, 2010 (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 25, 2011

**ARMANDO J. OLIVERA**

Armando J. Olivera  
President and Chief Executive Officer of  
Florida Power & Light Company

**ARMANDO PIMENTEL, JR.**

Armando Pimentel, Jr.  
Executive 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 4(a)

Underwriting Agreement, dated February 3, 2010, with respect to the  
5.69% Mortgage Bonds.

DOCUMENT NUMBER-DATE  
02070 MAR 30 =  
FPSC-COMMISSION CLERK

# FLORIDA POWER & LIGHT COMPANY

## FIRST MORTGAGE BONDS

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### UNDERWRITING AGREEMENT

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February 3, 2010

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 as a Representative in Schedule II hereto (the "**Representatives**") are the same as the entity or entities listed as Underwriters 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 as a Representative in Schedule II 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 filed with the Securities and Exchange Commission (the "**Commission**") a joint registration statement with Florida Power & Light Company Trust I, Florida Power & Light Company Trust II (together with Florida Power & Light Company Trust I, "**FPL Trust**"), FPL Group, Inc. ("**FPL Group**"), FPL Group Capital Inc ("**FPL Group Capital**"), FPL Group Capital Trust II, FPL Group Capital Trust III (together with FPL Group Capital Trust II, "**FPL Group Capital Trust**"), FPL Group Trust I, and FPL Group Trust II (together with FPL Group Trust I, "**FPL Group Trust**") on Form S-3, including a prospectus (Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08) ("**Registration Statement No. 333-160987**"), for the registration under the Securities Act of 1933, as amended (the "**Securities Act**"), of

(i) an unspecified aggregate amount of (A) shares of FPL's serial Preferred Stock, \$100 par value and shares of FPL's Preferred Stock without par value, (B) warrants of FPL, (C) First Mortgage Bonds, (D) senior debt securities of FPL, (E) subordinated debt securities of FPL, (F) junior subordinated debentures of FPL, (G) preferred trust securities of Florida Power & Light Company Trust I ("**FPL Trust I Preferred Trust Securities**") and (H) preferred trust securities of Florida Power & Light Company Trust II (together with FPL Trust I Preferred Trust Securities, "**FPL Trust Preferred Trust Securities**");

(ii) guarantee of FPL related to the FPL Trust Preferred Trust Securities;

(iii) an unspecified aggregate amount of (A) shares of FPL Group's common stock, \$.01 par value (the "**Common Stock**"), (B) shares of FPL Group's preferred stock, \$.01 par value ("**FPL Group Preferred Stock**"), (C) contracts to purchase Common Stock or FPL Group Preferred Stock or other agreements or instruments requiring FPL Group to issue Common Stock or FPL Group Preferred Stock, (D) units, each representing ownership of a Stock Purchase Contract and any of debt securities of FPL Group Capital, debt securities of FPL Group, FPL Group Trust Preferred Trust Securities (as defined below), FPL Group Capital Trust Preferred Trust Securities (as defined below) or debt securities of third parties, including U.S. Treasury securities, (E) warrants of FPL Group, (F) senior debt securities of FPL Group, (G) subordinated debt securities of FPL Group, (H) junior subordinated debentures of FPL Group, (I) preferred trust securities of FPL Group Trust I ("**FPL Group Trust I Preferred Trust Securities**") and (J) preferred trust securities of FPL Group Trust II (together with FPL Group Trust I Preferred Trust Securities, "**FPL Group Trust Preferred Trust Securities**");

(iv) (A) guarantees of FPL Group ("**FPL Group Guarantees**") related to the FPL Group Capital Senior Debt Securities (as defined below), FPL Group

Capital Preferred Stock (as defined below), FPL Group Capital Trust Preferred Trust Securities (as defined below) and FPL Group Trust Preferred Trust Securities and (B) subordinated guarantees related to FPL Group Capital Junior Subordinated Debentures (as defined below) and FPL Group Capital Subordinated Debt Securities (as defined below); and

(v) an unspecified aggregate amount of (A) shares of FPL Group Capital's preferred stock, \$.01 par value ("**FPL Group Capital Preferred Stock**"), (B) senior debt securities of FPL Group Capital ("**FPL Group Capital Senior Debt Securities**"), (C) subordinated debt securities of FPL Group Capital ("**FPL Group Capital Subordinated Debt Securities**"), (D) junior subordinated debentures of FPL Group Capital ("**FPL Group Capital Junior Subordinated Debentures**"), (E) preferred trust securities of FPL Group Capital Trust II ("**FPL Group Capital Trust II Preferred Trust Securities**") and (F) preferred trust securities of FPL Group Capital Trust III (together with FPL Group Capital Trust II Preferred Trust Securities, the "**FPL Group Capital Trust Preferred Trust Securities**").

Such registration statement has become effective and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of FPL, threatened by the Commission.

References herein to the term "**Registration Statement**" (i) as of any given time shall mean Registration Statement No. 333-160987, 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 under the Securities Act ("**Rule 430B**") that has not been superseded or modified and (ii) without reference to any given time means the Registration Statement as of 7:30 P.M., New York City time on February 2, 2010 (which date and time is the earlier of the date and time of (A) the first use of the preliminary prospectus supplement relating to the Bonds and (B) the first contract of sale of the Bonds), which time shall be considered the "**Effective Date**" of the Registration Statement. For purposes of the definition of Registration Statement in the preceding sentence, 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 (i) the prospectus relating to FPL and FPL Trust forming a part of Registration Statement No. 333-160987, including all Incorporated Documents (the "**Base Prospectus**"), and (ii) 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 with respect to a particular offering of Bonds, information contained in a prospectus or prospectus supplement (other than a prospectus or prospectus supplement that relates only to securities issued by FPL Group, FPL Group Capital, FPL Group Trust, FPL Group Capital Trust or

FPL Trust or to securities issued by FPL other than the Bonds) 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 under the Securities Act ("**Rule 424**"). References herein to the term "**Prospectus**" shall mean 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 on or subsequent to the Closing Date (as defined in Section 5 hereof), FPL may file a post-effective amendment to the Registration Statement pursuant to Rule 462(d) under the Securities Act or a Current Report on Form 8-K in order to file one or more unqualified opinions of counsel and any documents executed in connection with the offering of the Bonds.

(b) The Registration Statement constitutes an "automatic shelf registration statement" (as defined in Rule 405 under the Securities Act ("**Rule 405**")) filed within three years of the date hereof; the Registration Statement became effective upon filing; no notice of objection of the Commission with respect to the use of the Registration Statement pursuant to Rule 401(g)(2) under the Securities Act has been received by FPL and not removed; and with respect to the Bonds, FPL is a "well-known seasoned issuer" within the meaning of subparagraph (1)(ii) of the definition of "well-known seasoned issuer" in Rule 405 and is not an "ineligible issuer" (as defined in Rule 405).

(c) The Registration Statement at the Effective Date fully complied, and the Prospectus, both as of the date hereof 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 as of the date hereof 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 Section 3(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 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.

(d) 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 Section 3(d) 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 Pricing Prospectus, any preliminary prospectus supplement or any Issuer Free Writing Prospectus (as defined below), or to any statements in or omissions from the Pricing Prospectus, any preliminary prospectus supplement 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 as a whole. 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. References to the term “**Applicable Time**” shall mean 1:25 P.M., New York City time, 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.

(e) 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.

(f) The financial statements included as part of or incorporated by reference in the Pricing Disclosure Package, the Prospectus and 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 Pricing Disclosure Package, the Prospectus and the Registration Statement; 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 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, 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, fraudulent conveyance 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, the fulfillment of the terms hereof on the part of FPL to be fulfilled 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 Restated Articles of Incorporation, as amended, 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 its subsidiaries taken as a whole, 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) The Bonds conform in all material respects to the description thereof in the Pricing Disclosure Package and the Prospectus.

(n) The Mortgage (i) has been duly authorized by FPL by all necessary corporate action, has been duly executed and delivered by FPL and is a valid and binding instrument enforceable against FPL in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity and (ii) conforms in all material respects to the description thereof in the Pricing Disclosure Package and the Prospectus.

(o) FPL is not, and, after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the Pricing Disclosure Package and the Prospectus, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(p) Except as described in the Pricing Disclosure Package and the Prospectus, FPL or its subsidiaries have valid franchises, licenses and permits adequate for the conduct of the business of FPL and its subsidiaries as described in the Pricing Disclosure Package and the Prospectus, except where the failure to have such franchises, licenses and permits would not reasonably be expected to have a material adverse effect on FPL and its subsidiaries taken as a whole.

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 for an aggregate purchase price of \$494,955,000, the respective principal amounts of the Bonds set forth opposite their respective names in Schedule II hereto.

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. Such dealers' concession may not be in excess of 0.500% of the principal amount per Bond under the Price to Public.

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 settlement date set forth on Schedule I, at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, 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 Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, 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 Financial Industry Regulatory Authority (or, if not members of such Authority, who are not eligible for membership in said Authority 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 Authority's Conduct Rules) and satisfactory to the Representatives to purchase such Bonds on the terms herein set forth. In the event that, within the respective prescribed periods, (i) the non-defaulting Underwriters notify FPL that they have arranged for the purchase of such Bonds or (ii) FPL notifies the non-defaulting Underwriters that it has arranged for the purchase of such Bonds, the non-defaulting Underwriters or FPL shall have the right to postpone the Closing Date for a period of not more than three full business days beyond the expiration of the respective prescribed periods in order to effect whatever changes may thus be made necessary in the Registration Statement, the Prospectus or in any other documents or arrangements. In the event that neither the non-defaulting Underwriters nor FPL has arranged for the purchase of such Bonds by another party or parties as above provided, then this agreement shall terminate without

any liability on the part of FPL or any Underwriter (other than an Underwriter which shall have failed or refused, otherwise than for some reason sufficient to justify, in accordance with the terms hereof, the cancellation or termination of its obligations hereunder, to purchase and pay for the Bonds which such Underwriter has agreed to purchase as provided in Section 4 hereof), except as otherwise provided in Section 9, Section 6(d) and Section 6(f) 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. 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 (as defined below) 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 or cause to be delivered to the Underwriters through the Representatives as many copies of the Prospectus and any Issuer Free Writing Prospectus as the Representatives may reasonably request for the purposes contemplated by the Securities Act.

(d) FPL has paid or caused to be paid or 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, 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 Section 7, Section 8, or Section 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 transactions 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 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.

(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 the 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, of receipt from the Commission of any notice of objection to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, and, if such a stop order should be entered, or notice of objection should be received, 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 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 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 no notice of objection by the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act shall have been received by FPL and not

removed by 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, Morgan, Lewis & Bockius LLP, 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 Schedule IV, Schedule V and Schedule 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) On the date of this agreement and on the Closing Date, the Representatives shall have received from Deloitte & Touche LLP a letter or letters (which may refer to letters previously delivered to the Representatives) (with copies thereof for each of the Underwriters) dated the respective dates of delivery thereof 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 of FPL audited by them and incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 the Public Company Accounting Oversight Board (United States) ("PCAOB") AU722, Interim Financial Information, on the unaudited condensed consolidated financial statements of FPL, if any, incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, a reading of the latest available interim unaudited condensed consolidated financial statements of FPL, if any, since the close of FPL's most recent audited fiscal year, a reading of 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 of 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 PCAOB

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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, (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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable; (b) at the date of the latest available interim balance sheet read by them and at a specified date not more than five days prior to the date of such letter, there was any change in the common stock or additional paid-in capital or increase in the preferred stock or long-term debt, including current maturities and excluding fair value swaps, if any, and unamortized premium and discount on long-term debt, of FPL and its subsidiaries, or decrease in common shareholders' equity of FPL and its subsidiaries, in each case as compared with amounts shown in the most recent condensed consolidated balance sheet incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, except in all instances for changes, increases or decreases which the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, to the latest available interim balance sheet read by them and for the period from the date of the latest available interim balance sheet read by them to a specified date not more than five days prior to the date of such letter, there were any decreases, as compared with the corresponding period in the preceding year, in total consolidated operating revenues or in net income, except in all instances for decreases which the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, and Exhibit 12(b) to the Registration Statement and such other items as the Representatives may reasonably request.

(f) Since the respective most recent times 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 Section 6(d) and Section 6(f) hereof.

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

(a) No stop order suspending the effectiveness of the Registration Statement 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 no notice of objection by the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act shall have been received by FPL and not removed by 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 Section 6(d) and Section 6(f) 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, 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 Section 9(a) 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 Section 9(a) in respect of any preliminary prospectus, the Pricing Prospectus, any Issuer Free Writing Prospectus or the Prospectus shall not inure to the benefit of any Underwriter (or of any officer or director 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 in respect of any preliminary prospectus, the Pricing Prospectus, any Issuer Free Writing Prospectus or the Prospectus, each as may be then supplemented or amended, furnished by such Underwriter to a person to whom any of the Bonds were sold (excluding in all cases, however, any document then incorporated by reference therein), insofar as such indemnity relates to any untrue or misleading statement made in or omission from such preliminary prospectus, Pricing Prospectus, Issuer Free Writing Prospectus or Prospectus, if a copy of a supplement or amendment to such preliminary prospectus, Pricing Prospectus, Prospectus or Issuer Free Writing Prospectus (excluding in all cases, however, any document then incorporated by reference therein) (i) is furnished on a timely basis by FPL to the Underwriter, (ii) is required by law or regulation to have been conveyed to such person by or on behalf of such Underwriter, at or prior to the entry into the contract of sale of the Bonds with such person, but was not so conveyed (which conveyance may be oral or written) by or on behalf of such Underwriter and (iii) would have cured the defect giving rise to such loss, claim, damage or liability. The indemnity agreement of FPL contained in this Section 9(a) 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 to any thereof. The Underwriters hereby furnish to FPL in writing expressly for use in the preliminary prospectus supplement, dated February 2, 2010, the Registration Statement, the Pricing Prospectus, the Prospectus and any Issuer Free Writing Prospectus: under "Underwriting" in the preliminary prospectus supplement, dated February 2, 2010, the Pricing Prospectus and the Prospectus, the fourth sentence of the third paragraph; the entire fourth paragraph (including the table immediately following the third sentence) except for the first sentence; the entire fifth paragraph; the second sentence in the sixth paragraph; and the entire seventh, eighth and ninth paragraphs. FPL acknowledges that the statements identified in the preceding sentence constitute the only information furnished in writing by or on behalf of the several Underwriters expressly for inclusion in any preliminary prospectus, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus. The indemnity agreement of the respective Underwriters contained in this Section 9(b) 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 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 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 Section 9(a) or Section 9(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 Section 9(a) or Section 9(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 Section 9(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 Section 9(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 Section 9(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 or 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 Section 6(d) and Section 6(f) 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 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 herewith. Additionally, none of the Underwriters 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 Underwriters 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.

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: Andrew D. Kushner  
Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Banc of America Securities LLC

Credit Suisse Securities (USA) LLC

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Citigroup Global Markets Inc.

Mitsubishi UFJ Securities (USA), Inc.

By: \_\_\_\_\_  
Name:  
Title:

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

Credit Suisse Securities (USA) LLC

By: \_\_\_\_\_

Name: *Alastair Butcher*

Title: *Managing Director*

By: \_\_\_\_\_

Name:

Title:

Citigroup Global Markets Inc.

Mitsubishi UFJ Securities (USA), Inc.

By: \_\_\_\_\_

Name:

Title:

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:

Credit Suisse Securities (USA) LLC

By:   
Name: *Jean-Pierre Boudrias*  
Title: *Director*

Citigroup Global Markets Inc.

By: \_\_\_\_\_  
Name:  
Title:

Mitsubishi UFJ Securities (USA), 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

Credit Suisse Securities (USA) LLC

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

Citigroup Global Markets Inc.

Mitsubishi UFJ Securities (USA), Inc.

By:  \_\_\_\_\_

Name: Brian D. Bednarski

Title: Managing Director

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:

Credit Suisse Securities (USA) LLC

By: \_\_\_\_\_  
Name:  
Title:

Citigroup Global Markets Inc.

By: \_\_\_\_\_  
Name:  
Title:

Mitsubishi UFJ Securities (USA), Inc.

By:   
Name: Spencer S. Huston  
Title: Managing Director

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

February 3, 2010

Issuer: Florida Power & Light Company

**Bonds:**

Designation:	First Mortgage Bonds, 5.69% Series due March 1, 2040
Legal Format:	SEC Registered
Principal Amount:	\$500,000,000
Date of Maturity:	March 1, 2040
Interest Payment Dates:	Each March 1 and September 1, beginning September 1, 2010
Coupon Rate:	5.69%
Price to Public:	99.866% of the principal amount thereof
Benchmark Treasury:	4.5% due August 15, 2039
Benchmark Treasury Yield:	4.599%
Spread to Benchmark Treasury Yield:	110 basis points
Reoffer Yield:	5.699%
Trade Date:	February 3, 2010
Settlement Date:	February 9, 2010
Make-Whole Call:	At any time at 100% of the principal amount plus accrued and unpaid interest plus make-whole premium at discount rate equal to Treasury Yield plus 20 basis points.
CUSIP / ISIN Number:	341081 FC6 / US341081FC68

**Expected Credit Ratings:\***

Moody's Investors Service Inc.	"Aa2" (negative watch)
Standard & Poor's Ratings Services	"A" (negative watch)
Fitch Ratings	"AA-" (negative watch)

**Joint Book-Running Managers:**

Banc of America Securities LLC  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Mitsubishi UFJ Securities (USA), Inc.

**Co-Managers:**

BBVA Securities, Inc.  
KeyBanc Capital Markets Inc.  
Santander Investment Securities Inc.  
The Williams Capital Group, L.P.  
U.S. Bancorp Investments, Inc.  
UniCredit Capital Markets, Inc.

\* 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 terms “make-whole premium” and “Treasury Yield” have the meanings ascribed to those terms in the issuer’s Preliminary Prospectus Supplement, dated February 2, 2010.

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](http://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 at 1-800-294-1322, Citigroup Global Markets Inc. toll-free at 1-877-858-5407, Credit Suisse Securities (USA) LLC toll-free at 1-800-221-1037 or Mitsubishi UFJ Securities (USA), Inc. collect at 1-212-782-6940.

## SCHEDULE II

<u>Representatives</u>	<u>Addresses</u>
Banc of America Securities LLC	One Bryant Park New York, New York 10036
Citigroup Global Markets Inc.	388 Greenwich Street New York, New York 10013
Credit Suisse Securities (USA) LLC	Eleven Madison Avenue New York, New York 10010
Mitsubishi UFJ Securities (USA), Inc.	1633 Broadway New York, New York 10019

<u>Underwriter</u>	<u>Principal Amount of Bonds</u>
Banc of America Securities LLC .....	\$100,000,000
Citigroup Global Markets Inc. ....	100,000,000
Credit Suisse Securities (USA) LLC .....	100,000,000
Mitsubishi UFJ Securities (USA), Inc. ....	100,000,000
BBVA Securities, Inc. ....	16,666,667
KeyBanc Capital Markets Inc. ....	16,666,667
Santander Investment Securities Inc. ....	16,666,667
The Williams Capital Group, L.P. ....	16,666,667
U.S. Bancorp Investments, Inc. ....	16,666,666
UniCredit Capital Markets, Inc. ....	<u>16,666,666</u>
Total.....	<u>\$500,000,000</u>

### SCHEDULE III

#### PRICING DISCLOSURE PACKAGE

- (1) Base Prospectus, dated August 3, 2009
- (2) Preliminary Prospectus Supplement, dated February 2, 2010 (which shall be deemed to include the Incorporated Documents filed at or prior to the Applicable Time to the extent not superseded by Incorporated Documents filed at or prior to the Applicable Time)
- (3) Issuer Free Writing Prospectuses
  - (a) Pricing Term Sheet attached as Schedule I hereto

SCHEDULE IV

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
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 \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 fifteen indentures supplemental thereto, the latest of which (the "One Hundred Fifteenth Supplemental Indenture") is dated as of February 1, 2010 (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 February 3, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement No. 333-160987"), which registration statement was filed jointly by FPL, FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 Base Prospectus dated August 3, 2009 forming a part of Registration Statement No. 333-160987 (the "Base

Prospectus”), as supplemented by a preliminary prospectus supplement, subject to completion, dated February 2, 2010 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 February 3, 2010 (the “Pricing Term Sheet”) substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus, as supplemented by a prospectus supplement dated February 3, 2010 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 Registration Statement No. 333-160987 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission (“FPSC”) authorizing, among other things, the issuance and sale of debt securities in 2010, including the Bonds.

Upon the basis of the foregoing, we advise you that:

I.

FPL is a validly organized and existing corporation and its status is active under the laws of the State of Florida.

II.

FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Pricing Disclosure Package and 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, fraudulent conveyance or other laws affecting mortgagees’ and other creditors’ rights and remedies generally and general principles of equity.

IV-2

#### IV.

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, fraudulent conveyance 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, as of the date of the Agreement, 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 times 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 is an "automatic shelf registration statement" (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and 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, fraudulent conveyance or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. The One Hundred Fifteenth Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the One Hundred Fifteenth 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 Fourteenth Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Fifteenth Supplemental Indenture.

#### XII.

Except as stated or referred to in the Pricing Disclosure Package and 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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 Florida, New York, Georgia and New Hampshire 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 Morgan, Lewis & Bockius 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 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, Morgan, Lewis & Bockius 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 MORGAN, LEWIS & BOCKIUS LLP]

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
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 \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 fifteen indentures supplemental thereto, the latest of which (the "One Hundred Fifteenth Supplemental Indenture") is dated as of February 1, 2010 (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 February 3, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement No. 333-160987"), which registration statement was filed jointly by FPL, FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 Base Prospectus dated August 3, 2009 forming a part of Registration Statement No. 333-160987 (the "Base

Prospectus”), as supplemented by a preliminary prospectus supplement, subject to completion, dated February 2, 2010 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 February 3, 2010 (the “Pricing Term Sheet”) substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus, as supplemented by a prospectus supplement dated February 3, 2010 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 Registration Statement No. 333-160987 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission (“FPSC”) authorizing, among other things, the issuance and sale of debt securities in 2010, 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, fraudulent conveyance 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 FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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, as of the date

of the Agreement, 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 times 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 is an "automatic shelf registration statement" (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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. 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., West Palm Beach, 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,

MORGAN, LEWIS & BOCKIUS LLP

## SCHEDULE VI

[LETTERHEAD OF HUNTON & WILLIAMS LLP]

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
New York, New York 10019

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

\$500,000,000

**Florida Power & Light Company**

First Mortgage Bonds, 5.69% Series due March 1, 2040

Ladies and Gentlemen:

We have acted as counsel for you in connection with your several purchases from Florida Power & Light Company ("FPL") of \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 February 9, 2010, between you and FPL (the "Agreement"). Capitalized terms used in this opinion but not defined shall have the meanings set forth 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. 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.

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.

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" 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:

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, fraudulent conveyance 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, fraudulent conveyance 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 Pricing Disclosure Package and 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. Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 (including the Incorporated Documents, collectively the "Registration Statement"), is an "automatic shelf registration statement" (as defined in Rule 405 under the Securities Act) that was filed not more than three years prior to the date of the Agreement. The Registration Statement has become, and is, at the Closing Date, effective under the Securities Act, and to the best of our knowledge, no proceedings for a stop order with respect to the Registration Statement 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.

This opinion is given to you 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 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,

February 9, 2010

Banc of America Securities LLC  
One Bryant Park  
New York, New York 10036

Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway  
New York, New York 10019

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

\$500,000,000

**Florida Power & Light Company**

First Mortgage Bonds, 5.69% Series due March 1, 2040

Ladies and Gentlemen:

We have acted as counsel for you in connection with your several purchases from Florida Power & Light Company ("FPL") of \$500,000,000 aggregate principal amount of First Mortgage Bonds, 5.69% Series due March 1, 2040 (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 February 3, 2010, between you and FPL (the "Agreement"). Capitalized terms used in this letter but not defined shall have the meanings set forth in the Agreement.

In passing on the form of the Registration Statement and the form of 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 our opinion letter to you dated as of the date 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, 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 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 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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.

Subject to and on the basis of the foregoing, we further advise you that

(iv) the Registration Statement, at the Effective Date, and the Prospectus, as of the date of the Agreement, complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder; and

(v) the Incorporated Documents, at the times they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act, and the applicable instructions, rules and regulations of the Commission thereunder.

With respect to the foregoing paragraphs (i) - (v), we express no view or belief and make no statement with respect to (a) the financial statements and other financial or statistical data contained or incorporated by reference in the Registration Statement or the exhibits thereto, the Pricing Disclosure Package or the Prospectus and (b) those parts of the Registration Statement that constitute the Statements of Eligibility.

This letter 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 letter 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 views contained herein.

Very truly yours,

# Exhibit 4(b)

Underwriting Agreement, dated December 6, 2010, with respect to the  
5.25% Mortgage Bonds.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK

# FLORIDA POWER & LIGHT COMPANY

## FIRST MORTGAGE BONDS

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### UNDERWRITING AGREEMENT

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December 6, 2010

To the Representatives named in Schedule II  
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 as a Representative in Schedule II hereto (the "**Representatives**") are the same as the entity or entities listed as Underwriters 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 as a Representative in Schedule II 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 filed with the Securities and Exchange Commission (the "**Commission**") a joint registration statement with Florida Power & Light Company Trust I, Florida Power & Light Company Trust II (together with Florida Power & Light Company Trust I, "**FPL Trust**"), NextEra Energy, Inc. (formerly known as FPL Group, Inc.) ("**NEE**"), NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital Inc) ("**NEE Capital**"), FPL Group Capital Trust II, FPL Group Capital Trust III (together with FPL Group Capital Trust II, "**FPL Group Capital Trust**"), FPL Group Trust I, and FPL Group Trust II (together with FPL Group Trust I, "**FPL Group Trust**") on Form S-3, including a prospectus (Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08) ("**Registration Statement No. 333-160987**"), for the registration under the Securities Act of 1933, as amended (the "**Securities Act**"), of

(i) an unspecified aggregate amount of (A) shares of FPL's serial Preferred Stock, \$100 par value and shares of FPL's Preferred Stock without par value, (B) warrants of FPL, (C) First Mortgage Bonds, (D) senior debt securities of FPL, (E) subordinated debt securities of FPL, (F) junior subordinated debentures of FPL, (G) preferred trust securities of Florida Power & Light Company Trust I ("**FPL Trust I Preferred Trust Securities**") and (H) preferred trust securities of Florida Power & Light Company Trust II (together with FPL Trust I Preferred Trust Securities, "**FPL Trust Preferred Trust Securities**");

(ii) guarantee of FPL related to the FPL Trust Preferred Trust Securities;

(iii) an unspecified aggregate amount of (A) shares of NEE's common stock, \$.01 par value (the "**Common Stock**"), (B) shares of NEE's preferred stock, \$.01 par value ("**NEE Preferred Stock**"), (C) contracts to purchase Common Stock or NEE Preferred Stock or other agreements or instruments requiring NEE to issue Common Stock or NEE Preferred Stock, (D) units, each representing ownership of a Stock Purchase Contract and any of debt securities of NEE Capital, debt securities of NEE, FPL Group Trust Preferred Trust Securities (as defined below), FPL Group Capital Trust Preferred Trust Securities (as defined below) or debt securities of third parties, including U.S. Treasury securities, (E) warrants of NEE, (F) senior debt securities of NEE, (G) subordinated debt securities of NEE, (H) junior subordinated debentures of NEE, (I) preferred trust securities of FPL Group Trust I ("**FPL Group Trust I Preferred Trust Securities**") and (J) preferred trust securities of FPL Group Trust II (together with FPL Group Trust I Preferred Trust Securities, "**FPL Group Trust Preferred Trust Securities**");

(iv) (A) guarantees of NEE ("**NEE Guarantees**") related to the NEE Capital Senior Debt Securities (as defined below), NEE Capital Preferred Stock

(as defined below), FPL Group Capital Trust Preferred Trust Securities (as defined below) and FPL Group Trust Preferred Trust Securities and (B) subordinated guarantees related to NEE Capital Junior Subordinated Debentures (as defined below) and NEE Capital Subordinated Debt Securities (as defined below); and

(v) an unspecified aggregate amount of (A) shares of NEE Capital's preferred stock, \$.01 par value ("**NEE Capital Preferred Stock**"), (B) senior debt securities of NEE Capital ("**NEE Capital Senior Debt Securities**"), (C) subordinated debt securities of NEE Capital ("**NEE Capital Subordinated Debt Securities**"), (D) junior subordinated debentures of NEE Capital ("**NEE Capital Junior Subordinated Debentures**"), (E) preferred trust securities of FPL Group Capital Trust II ("**FPL Group Capital Trust II Preferred Trust Securities**") and (F) preferred trust securities of FPL Group Capital Trust III (together with FPL Group Capital Trust II Preferred Trust Securities, the "**FPL Group Capital Trust Preferred Trust Securities**").

Such registration statement has become effective and no stop order suspending such effectiveness has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of FPL, threatened by the Commission.

References herein to the term "**Registration Statement**" (i) as of any given time shall mean Registration Statement No. 333-160987, 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 (any reference to any preliminary prospectus supplement or any prospectus supplement shall be understood to include the Base Prospectus (as defined below)) deemed to be a part thereof pursuant to Rule 430B under the Securities Act ("**Rule 430B**") that has not been superseded or modified and (ii) without reference to any given time shall mean the Registration Statement as of 8:10 A.M., New York City time on the date hereof (which date and time is the earlier of the date and time of (A) the first use of the preliminary prospectus supplement relating to the Bonds and (B) the first contract of sale of the Bonds), which time shall be considered the "**Effective Date**" of the Registration Statement. For purposes of the definition of Registration Statement in the preceding sentence, 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 (i) the prospectus relating to FPL and FPL Trust forming a part of Registration Statement No. 333-160987, including all Incorporated Documents (the "**Base Prospectus**"), and (ii) any prospectus, preliminary prospectus supplement 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 with respect to a particular offering of the Bonds, information contained in a prospectus, preliminary prospectus supplement or prospectus supplement

(other than a prospectus, preliminary prospectus supplement or prospectus supplement that relates only to securities issued by NEE, NEE Capital, FPL Group Trust, FPL Group Capital Trust or FPL Trust or to securities issued by FPL other than the Bonds) 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 prospectus, preliminary prospectus supplement or prospectus supplement is filed with the Commission pursuant to Rule 424 under the Securities Act ("**Rule 424**"). References herein to the term "**Prospectus**" shall mean 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 on or subsequent to the Closing Date (as defined in Section 5 hereof), FPL may file a post-effective amendment to the Registration Statement pursuant to Rule 462(d) under the Securities Act or a Current Report on Form 8-K in order to file one or more unqualified opinions of counsel and any documents executed in connection with the offering of the Bonds.

(b) The Registration Statement constitutes an "automatic shelf registration statement" (as defined in Rule 405 under the Securities Act ("**Rule 405**")) filed within three years of the date hereof; the Registration Statement became effective upon filing; no notice of objection of the Commission with respect to the use of the Registration Statement pursuant to Rule 401(g)(2) under the Securities Act has been received by FPL and not removed; and with respect to the Bonds, FPL is a "well-known seasoned issuer" within the meaning of subparagraph (1)(ii) of the definition of "well-known seasoned issuer" in Rule 405 and is not an "ineligible issuer" (as defined in Rule 405).

(c) The Registration Statement at the Effective Date fully complied, and the Prospectus, both as of the date hereof 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 as of the date hereof 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 Section 3(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 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.

(d) 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 Section 3(d) 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 Pricing Prospectus, any preliminary prospectus supplement or any Issuer Free Writing Prospectus (as defined below), or to any statements in or omissions from the Pricing Prospectus, any preliminary prospectus supplement 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 as a whole. 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 “**Applicable Time**” shall mean 1:30 P.M., New York City time, 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.

(e) 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.

(f) The financial statements included as part of or incorporated by reference in the Pricing Disclosure Package, the Prospectus and 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 Pricing Disclosure Package, the Prospectus and the Registration Statement; 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 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, by-laws and applicable law, and the Bonds when issued and delivered by FPL 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, fraudulent conveyance 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, the fulfillment of the terms hereof on the part of FPL to be fulfilled, 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 Restated Articles of Incorporation, as amended, 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 its subsidiaries taken as a whole, 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) The Bonds conform in all material respects to the description thereof in the Pricing Disclosure Package and the Prospectus.

(n) The Mortgage (i) has been duly authorized by FPL by all necessary corporate action, has been duly executed and delivered by FPL and is a valid and binding instrument enforceable against FPL in accordance with its terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity and (ii) conforms in all material respects to the description thereof in the Pricing Disclosure Package and the Prospectus.

(o) FPL is not, and, after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the Pricing Disclosure Package and the Prospectus, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(p) Except as described in the Pricing Disclosure Package and the Prospectus, FPL or its subsidiaries have valid franchises, licenses and permits adequate for the conduct of the business of FPL and its subsidiaries as described in the Pricing Disclosure Package and the Prospectus, except where the failure to have such franchises, licenses and permits would not reasonably be expected to have a material adverse effect on FPL and its subsidiaries taken as a whole.

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 for an aggregate purchase price of \$395,508,000, the respective principal amounts of the Bonds set forth opposite their respective names in Schedule II hereto.

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. Such dealers' concession may not be in excess of 0.500% of the principal amount per Bond under the Price to Public.

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) hereof. References to the term “Free Writing Prospectus” shall mean a free writing prospectus as defined in Rule 405.

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 settlement date set forth on Schedule I, at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, 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 Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, 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 Financial Industry Regulatory Authority (or, if not members of said Authority, who are not eligible for membership in said Authority 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 Authority's Conduct Rules) and satisfactory to the Representatives to purchase such Bonds on the terms herein set forth. In the event that, within the respective prescribed periods, (i) the non-defaulting Underwriters notify FPL that they have arranged for the purchase of such Bonds or (ii) FPL notifies the non-defaulting Underwriters that it has arranged for the purchase of such Bonds, the non-defaulting Underwriters or FPL shall have the right to postpone the Closing Date for a period of not more than three full business days beyond the expiration of the respective

prescribed periods in order to effect whatever changes may thus be made necessary in the Registration Statement, the Prospectus or in any other documents or arrangements. In the event that neither the non-defaulting Underwriters nor FPL has arranged for the purchase of such Bonds by another party or parties as above provided, then this agreement shall terminate without any liability on the part of FPL or any Underwriter (other than an Underwriter which shall have failed or refused, otherwise than for some reason sufficient to justify, in accordance with the terms hereof, the cancellation or termination of its obligations hereunder, to purchase and pay for the Bonds which such Underwriter has agreed to purchase as provided in Section 4 hereof), except as otherwise provided in Section 9, Section 6(d) and Section 6(f) hereof.

6. Covenants of FPL. FPL agrees with the several Underwriters that:

(a) FPL will timely file the Prospectus and any preliminary prospectus supplement used in connection with the offering of the Bonds with the Commission pursuant to Rule 424. 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 (as defined below) 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 or cause to be delivered to the Underwriters through the Representatives as many copies of the Prospectus and any Issuer Free Writing Prospectus as the Representatives may reasonably request for the purposes contemplated by the Securities Act.

(d) FPL has paid or caused to be paid or will pay or cause to be paid all expenses in connection with the (i) preparation and filing of the Registration Statement, any preliminary prospectus supplement, 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 supplement, the Prospectus, 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 Section 7, Section 8, or Section 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 transactions 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 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.

(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 the Registration Statement or, prior to the termination of the offering of the Bonds, of official notice of the institution of proceedings for, or the entry of, a stop order suspending the effectiveness of the Registration Statement, of receipt from the Commission of any notice of objection to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, and, if such a stop order should be entered, or notice of objection should be received, 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 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 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 no notice of objection by the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act shall have been received by FPL and not removed by 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, Morgan, Lewis & Bockius LLP, 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 Schedule IV, Schedule V and Schedule 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) On the date of this agreement and on the Closing Date, the Representatives shall have received from Deloitte & Touche LLP a letter or letters (which may refer to letters previously delivered to the Representatives) (with copies thereof for each of the Underwriters) dated the respective dates of delivery thereof 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 of FPL audited by them and incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 the Public Company Accounting Oversight Board (United States) ("PCAOB") AU722, Interim Financial Information, on the unaudited condensed consolidated financial statements of FPL, if any, incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, a reading of the latest available interim unaudited

condensed consolidated financial statements of FPL, if any, since the close of FPL's most recent audited fiscal year, a reading of 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 of 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 PCAOB 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, (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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable; (b) at the date of the latest available interim balance sheet read by them and at a specified date not more than five days prior to the date of such letter, there was any change in the common stock or additional paid-in capital or increase in the preferred stock or long-term debt including current maturities and excluding fair value swaps, if any, and unamortized premium and discount on long-term debt of FPL and its subsidiaries, or decrease in common shareholders' equity of FPL and its subsidiaries, in each case as compared with amounts shown in the most recent condensed consolidated balance sheet, if any, incorporated by reference in the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, except in all instances for changes, increases or decreases which the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, to the latest available interim balance sheet read by them and for the period from the date of the latest available interim balance sheet read by them to a specified date not more than five days prior to the date of such letter, there were any decreases, as compared with the corresponding period in the preceding year, in total consolidated operating revenues or in net income, except in all instances for decreases which the Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, 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 Pricing Prospectus or the Pricing Prospectus and the Prospectus, as applicable, and Exhibit 12(b) to the Registration Statement and such other items as the Representatives may reasonably request.

(f) Since the respective most recent times 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 Section 6(d) and Section 6(f) hereof.

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

(a) No stop order suspending the effectiveness of the Registration Statement 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 no notice of objection by the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act shall have been received by FPL and not removed by 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 Section 6(d) and Section 6(f) 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 supplement, 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 Section 9(a) 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 supplement, 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 Section 9(a) in respect of any preliminary prospectus supplement, the Pricing Prospectus, any Issuer Free Writing Prospectus or the Prospectus shall not inure to the benefit of any Underwriter (or of any officer or director 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 in respect of any preliminary prospectus supplement, the Pricing Prospectus, any Issuer Free Writing Prospectus or the Prospectus, each as may be then supplemented or amended, furnished by such Underwriter to a person to whom any of the Bonds were sold (excluding in all cases, however, any document then incorporated by reference therein), insofar as such indemnity relates to any untrue or misleading statement made in or omission from such preliminary prospectus supplement, Pricing Prospectus, Issuer Free Writing Prospectus or Prospectus, if a copy of a supplement or amendment to such preliminary prospectus supplement, Pricing Prospectus, Prospectus or Issuer Free Writing Prospectus (excluding in all cases, however, any document then incorporated by reference therein) (i) is furnished on a timely basis by FPL to the Underwriter, (ii) is required by law or regulation to have been conveyed to such person by or on behalf of such Underwriter, at or prior to the entry into the contract of sale of the Bonds with such person, but was not so conveyed (which conveyance may be oral or written) by or on behalf of such Underwriter and (iii) would have cured the defect giving rise to such loss, claim, damage or liability. The indemnity agreement of FPL contained in this Section 9(a) 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 supplement, 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 supplement, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus or any amendment or supplement to any thereof. The Underwriters hereby furnish to FPL in writing, expressly for use in the preliminary prospectus supplement dated December 6, 2010, the Registration Statement, the Pricing Prospectus, the Prospectus and any Issuer Free Writing Prospectus, the following: under "Underwriting" in the preliminary prospectus supplement dated December 6, 2010, the Pricing Prospectus and the Prospectus, the fourth sentence of the third paragraph; the entire fourth paragraph (including the table immediately following the third sentence) except for the first sentence of the fourth paragraph; the entire fifth paragraph; the second sentence in the sixth paragraph; and the entire seventh, eighth and ninth paragraphs. FPL acknowledges that the statements identified in the preceding sentence constitute the only information furnished in writing by or on behalf of the several Underwriters expressly for inclusion in the preliminary prospectus supplement, dated December 6, 2010, the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus. The indemnity agreement of the respective Underwriters contained in this Section 9(b) 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 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 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 Section 9(a) or Section 9(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 Section 9(a) or Section 9(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 Section 9(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 Section 9(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 Section 9(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 or 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 Section 6(d) and Section 6(f) 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 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 herewith. Additionally, none of the Underwriters 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 Underwriters 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.

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: Andrew D. Kushner  
Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

By: \_\_\_\_\_  
Name:  
Title:

U.S. Bancorp Investments, Inc.

By: \_\_\_\_\_  
Name:  
Title:

Scotia Capital (USA) Inc.

By: \_\_\_\_\_  
Name:  
Title:

Wells Fargo Securities, LLC

By: \_\_\_\_\_  
Name:  
Title:

Mizuho Securities USA 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: Andrew D. Kushner  
Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

By:  \_\_\_\_\_  
Name: DAVID C. TRAVIS  
Title: MANAGING DIRECTOR

U.S. Bancorp Investments, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Scotia Capital (USA) Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Wells Fargo Securities, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Mizuho Securities USA 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: Andrew D. Kushner

Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

U.S. Bancorp Investments, Inc.

By: \_\_\_\_\_

Name:

Title:

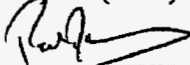
By: \_\_\_\_\_

Name:

Title:

Scotia Capital (USA) Inc.

Wells Fargo Securities, LLC

By:  \_\_\_\_\_

Name: Paul McKeown

Title: Director

By: \_\_\_\_\_

Name:

Title:

Mizuho Securities USA 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: Andrew D. Kushner  
Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

U.S. Bancorp Investments, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Scotia Capital (USA) Inc.

Wells Fargo Securities, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Mizuho Securities USA Inc.

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
James M. Shepard  
Managing Director

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

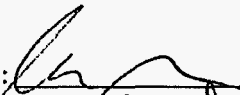
By: \_\_\_\_\_  
Name: Andrew D. Kushner  
Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

U.S. Bancorp Investments, Inc.

By:  \_\_\_\_\_  
Name: Chris Andersen  
Title: Head of Syndicate

Scotia Capital (USA) Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Wells Fargo Securities, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Mizuho Securities USA 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: Andrew D. Kushner

Title: Assistant Treasurer

Accepted and delivered as of  
the date first above written:

Credit Agricole Securities (USA) Inc.

U.S. Bancorp Investments, Inc.

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

Scotia Capital (USA) Inc.

Wells Fargo Securities, LLC

By: \_\_\_\_\_

Name:

Title:

By:  \_\_\_\_\_

Name: Carolyn Hurley

Title: Director

Mizuho Securities USA 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

December 6, 2010

Issuer: Florida Power & Light Company

#### Bonds:

Designation:	First Mortgage Bonds, 5.25% Series due February 1, 2041
Legal Format:	SEC Registered
Principal Amount:	\$400,000,000
Date of Maturity:	February 1, 2041
Interest Payment Dates:	Each February 1 and August 1, beginning February 1, 2011
Coupon Rate:	5.25%
Price to Public:	99.752% of the principal amount thereof
Benchmark Treasury:	3.875% due August 15, 2040
Benchmark Treasury Yield:	4.287%
Spread to Benchmark Treasury Yield:	98 basis points
Reoffer Yield:	5.267%
Trade Date:	December 6, 2010
Settlement Date:	December 9, 2010
Redemption:	Prior to August 1, 2040, at any time at 100% of the principal amount plus accrued and unpaid interest plus make-whole premium at discount rate equal to Treasury Yield plus 15 basis points, and on or after August 1, 2040, at any time at 100% of the principal amount plus accrued and unpaid interest.
CUSIP / ISIN Number:	341081 FD4 / US341081FD42
Expected Credit Ratings:*	
Moody's Investors Service Inc.	"Aa3" (stable)
Standard & Poor's Ratings Services	"A" (stable)
Fitch Ratings	"AA-" (negative outlook)

#### Joint Book-Running Managers:

Credit Agricole Securities (USA) Inc.  
Mizuho Securities USA Inc.  
Scotia Capital (USA) Inc.  
U.S. Bancorp Investments, Inc.  
Wells Fargo Securities, LLC

#### Co-Managers:

BBVA Securities Inc.  
BNY Mellon Capital Markets, LLC

Loop Capital Markets LLC  
UBS Securities LLC

\* 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 terms “make-whole premium” and “Treasury Yield” have the meanings ascribed to those terms in the issuer’s Preliminary Prospectus Supplement, dated December 6, 2010.

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](http://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 Credit Agricole Securities (USA) Inc. toll-free at 1-866-807-6030, Mizuho Securities USA Inc. toll-free at 1-866-271-7403, Scotia Capital (USA) Inc. toll-free at 1-800-372-3930, U.S. Bancorp Investments, Inc. toll-free at 1-877-558-2607 or Wells Fargo Securities, LLC toll-free at 1-800-326-5897.

## SCHEDULE II

<u>Representatives</u>	<u>Addresses</u>
Credit Agricole Securities (USA) Inc.	1301 Avenue of the Americas New York, New York 10019
Mizuho Securities USA Inc.	1251 Avenue of the Americas, 33rd Floor New York, New York 10020
Scotia Capital (USA) Inc.	1 Liberty Plaza, 25th Floor 165 Broadway New York, New York 10006
U.S. Bancorp Investments, Inc.	214 N. Tryon St. 26th Floor Charlotte, North Carolina 28202
Wells Fargo Securities, LLC	One Wachovia Center, 6th Floor 301 South College Street Charlotte, North Carolina 28288

<u>Underwriter</u>	<u>Principal Amount of Bonds</u>
Credit Agricole Securities (USA) Inc.	\$70,857,000
Mizuho Securities USA Inc.	70,857,000
Scotia Capital (USA) Inc.	70,857,000
U.S. Bancorp Investments, Inc.	70,857,000
Wells Fargo Securities, LLC	70,857,000
BBVA Securities Inc.	11,429,000
BNY Mellon Capital Markets, LLC	11,429,000
Loop Capital Markets LLC	11,428,000
UBS Securities LLC	<u>11,429,000</u>
Total .....	<u>\$400,000,000</u>

### SCHEDULE III

#### PRICING DISCLOSURE PACKAGE

- (1) Base Prospectus, dated August 3, 2009
- (2) Preliminary Prospectus Supplement, dated December 6, 2010 (which shall be deemed to include the Incorporated Documents filed at or prior to the Applicable Time to the extent not superseded by Incorporated Documents filed at or prior to the Applicable Time)
- (3) Issuer Free Writing Prospectuses
  - (a) Pricing Term Sheet attached as Schedule I hereto

## SCHEDULE IV

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

December 9, 2010

Credit Agricole Securities (USA) Inc.  
1301 Avenue of the Americas  
New York, New York 10019

U.S. Bancorp Investments, Inc.  
214 N. Tryon St. 26th Floor  
Charlotte, North Carolina 28202

Mizuho Securities USA Inc.  
1251 Avenue of the Americas, 33rd Floor  
New York, New York 10020

Wells Fargo Securities, LLC  
301 South College Street  
Charlotte, North Carolina 28288

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

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

Ladies and Gentlemen:

We have acted as counsel to 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, 5.25% Series due February 1, 2041 (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 sixteen indentures supplemental thereto, the latest of which (the "One Hundred Sixteenth Supplemental Indenture") is dated as of December 1, 2010 (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 December 6, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement"), which Registration Statement was filed jointly by FPL, NextEra Energy, Inc. (formerly known as FPL Group, Inc.), NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital

Inc), FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 Base Prospectus dated August 3, 2009 forming a part of the Registration Statement, as supplemented by a preliminary prospectus supplement, subject to completion, dated December 6, 2010 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 December 6, 2010 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus dated August 3, 2009 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 6, 2010 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission ("FPSC") authorizing, among other things, the issuance and sale of debt securities in 2010, including the Bonds.

Upon the basis of the foregoing, we advise you that:

I.

FPL is a validly organized and existing corporation and its status is active under the laws of the State of Florida.

II.

FPL is a corporation duly authorized by its Charter to conduct the business which it is now conducting as set forth in the Pricing Disclosure Package and 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

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bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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 FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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, as of the date of the Agreement, 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 times 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. The Registration Statement is an "automatic shelf registration statement" (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and the Prospectus under the headings "Description of 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.

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, fraudulent conveyance or other laws affecting mortgagees' and other creditors' rights and remedies generally and general principles of equity. The One Hundred Sixteenth Supplemental Indenture is in proper form for recording in all places required; and upon such recording, the One Hundred Sixteenth 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 Fifteenth Supplemental Indenture to the Mortgage and prior to the recording of the One Hundred Sixteenth Supplemental Indenture.

#### XI.

Except as stated or referred to in the Pricing Disclosure Package and 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.

## XII.

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, in accordance with the Mortgage, 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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 Florida, New York and Georgia 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 Morgan, Lewis & Bockius LLP, New York, New York. As to all matters of law affecting Mortgaged and Pledged Property located in the State of Georgia, we have relied, with your consent, upon an opinion of even date herewith addressed to you and us by McDaniel & Scott, P.C., Decatur, Georgia and our opinion in Paragraph X as to such Mortgaged and Pledged Property is subject to the qualifications and limitations set forth in that opinion. As to all matters of Florida law, Morgan, Lewis & Bockius 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 MORGAN, LEWIS & BOCKIUS LLP]

December 9, 2010

Credit Agricole Securities (USA) Inc.  
1301 Avenue of the Americas  
New York, New York 10019

U.S. Bancorp Investments, Inc.  
214 N. Tryon St. 26th Floor  
Charlotte, North Carolina 28202

Mizuho Securities USA Inc.  
1251 Avenue of the Americas, 33rd Floor  
New York, New York 10020

Wells Fargo Securities, LLC  
301 South College Street  
Charlotte, North Carolina 28288

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

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

Ladies and Gentlemen:

We have acted as counsel to 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, 5.25% Series due February 1, 2041 (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 sixteen indentures supplemental thereto, the latest of which (the "One Hundred Sixteenth Supplemental Indenture") is dated as of December 1, 2010 (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 December 6, 2010 (the "Agreement"), between you and FPL. 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. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 ("Registration Statement"), which Registration Statement was filed jointly by FPL, NextEra Energy, Inc. (formerly known as FPL Group, Inc.), NextEra Energy Capital Holdings, Inc. (formerly known as FPL Group Capital

Inc), FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, 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 Base Prospectus dated August 3, 2009 forming a part of the Registration Statement, as supplemented by a preliminary prospectus supplement, subject to completion, dated December 6, 2010 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 December 6, 2010 (the "Pricing Term Sheet") substantially in the form set forth on Schedule I to the Agreement; (4) the Base Prospectus dated August 3, 2009 forming a part of the Registration Statement, as supplemented by a prospectus supplement dated December 6, 2010 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 Amended and Restated 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 reviewed the order issued by the Florida Public Service Commission ("FPSC") authorizing, among other things, the issuance and sale of debt securities in 2010, 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, fraudulent conveyance 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 FPL in accordance with their terms, except as limited or affected by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance 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, as of the date of the Agreement, 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 times 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. The Registration Statement is an “automatic shelf registration statement” (as defined in Rule 405) that was filed not more than three years prior to the date of the Agreement. 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 Pricing Disclosure Package and the Prospectus under the headings “Description of 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, in accordance with the Mortgage, 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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. 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., West Palm Beach, 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,

MORGAN, LEWIS & BOCKIUS LLP

SCHEDULE VI

[LETTERHEAD OF HUNTON & WILLIAMS LLP]

December 9, 2010

Credit Agricole Securities (USA) Inc.  
1301 Avenue of the Americas  
New York, New York 10019

U.S. Bancorp Investments, Inc.  
214 N. Tryon St. 26th Floor  
Charlotte, North Carolina 28202

Mizuho Securities USA Inc.  
1251 Avenue of the Americas, 33rd Floor  
New York, New York 10020

Wells Fargo Securities, LLC  
301 South College Street  
Charlotte, North Carolina 28288

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

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

\$400,000,000

**Florida Power & Light Company**

**First Mortgage Bonds, 5.25% Series due February 1, 2041**

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, 5.25% Series due February 1, 2041 (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 December 6, 2010, between you and FPL (the "Agreement"). Capitalized terms used in this opinion but not defined shall have the meanings set forth 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. 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.

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.

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" 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:

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, fraudulent conveyance 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, fraudulent conveyance 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 Pricing Disclosure Package and the Prospectus under the headings "Description of 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. Registration Statement Nos. 333-160987, 333-160987-01, 333-160987-02, 333-160987-03, 333-160987-04, 333-160987-05, 333-160987-06, 333-160987-07 and 333-160987-08 (including the Incorporated Documents, collectively the "Registration Statement"), is an "automatic shelf registration statement" (as defined in Rule 405 under the Securities Act) that was filed not more than three years prior to the date of the Agreement. The Registration Statement has become, and is, at the Closing Date, effective under the Securities

Act, and to the best of our knowledge, no proceedings for a stop order with respect to the Registration Statement 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.

This opinion is given to you 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 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,

December 9, 2010

Credit Agricole Securities (USA) Inc.  
1301 Avenue of the Americas  
New York, New York 10019

U.S. Bancorp Investments, Inc.  
214 N. Tryon St. 26th Floor  
Charlotte, North Carolina 28202

Mizuho Securities USA Inc.  
1251 Avenue of the Americas, 33rd Floor  
New York, New York 10020

Wells Fargo Securities, LLC  
301 South College Street  
Charlotte, North Carolina 28288

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

as Representatives of the Underwriters  
named in Schedule II to the Agreement,  
as herein described

\$400,000,000

**Florida Power & Light Company**

**First Mortgage Bonds, 5.25% Series due February 1, 2041**

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, 5.25% Series due February 1, 2041 (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 December 6, 2010, between you and FPL (the "Agreement"). Capitalized terms used in this letter but not defined shall have the meanings set forth in the Agreement.

In passing on the form of the Registration Statement and the form of 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 our opinion letter to you dated as of the date 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, 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 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 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) the Prospectus as of the date of the Agreement included, or at the date hereof includes, an untrue statement of a material fact or the Prospectus as of the date of the Agreement 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.

Subject to and on the basis of the foregoing, we further advise you that

(iv) the Registration Statement, at the Effective Date, and the Prospectus, as of the date of the Agreement, complied as to form in all material respects with the applicable requirements of the Securities Act and the applicable instructions, rules and regulations of the Commission thereunder; and

(v) the Incorporated Documents, at the times they were filed with the Commission, complied as to form in all material respects with the applicable requirements of the Exchange Act, and the applicable instructions, rules and regulations of the Commission thereunder.

With respect to the foregoing paragraphs (i) - (v), we express no view or belief and make no statement with respect to (a) the financial statements and other financial or statistical data contained or incorporated by reference in the Registration Statement or the exhibits thereto, the Pricing Disclosure Package or the Prospectus and (b) those parts of the Registration Statement that constitute the Statements of Eligibility.

This letter 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 letter 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 views contained herein.

Very truly yours,

# Exhibit 5(a)

Statement as to Underwriters' Fees

See Exhibit 3(b), cover page (as to fee) and Page S-11 (as to Underwriters) of the Prospectus Supplement with respect to the 5.69% Mortgage Bonds

See Exhibit 3(c), cover page (as to fee) and Page S-19 (as to the Underwriters) of the Prospectus Supplement with respect to the 5.25% Mortgage Bonds.

DOCUMENT NUMBER-DATE

02070 MAR 30 =

FPSC-COMMISSION CLERK