BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090172-EI
FLORIDA POWER & LIGHT COMPANY

IN RE: FLORIDA POWER & LIGHT COMPANY'S PETITION TO DETERMINE NEED FOR FLORIDA ENERGYSECURE LINE

PETITION
APPENDIX "E"

RATING AGENCY AND SECURITY ANALYST REPORTS

STANDARD & POOR'S

RATINGSDIRECT®

August 20, 2008

Florida Power & Light Co.

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Florida Power & Light Co.

Major Rating Factors

Strengths:

- High quality electric utility generates steady cash flows;
- Constructive regulatory environment in Florida; and
- Strong customer growth with predominantly residential base.

Weaknesses:

- Dependence on natural gas to generate electricity; and
- Higher-risk cash flows from FPL Energy's merchant generation.

Corporate Credit Rating
A/Stable/A-1

Rationale

The ratings on Florida Power & Light Co. (FP&L) are based on the consolidated credit profile of parent FPL Group Inc. (FPL) Ratings reflect the strength of the regulated cash flows from FP&L. The utility contributes to about three-quarters of the consolidated credit profile and has better business fundamentals than most of its integrated electric peers, with a healthy and growing service territory, sound operations, and a supportive regulatory environment. Detracting from credit quality are the company's increasing exposure to wholesale energy activities, its willingness to expand through acquisitions and increase its risk profile, the fluctuating cash flows from FPL Energy Inc.'s portfolio of merchant generation, and the utility's significant exposure to natural gas.

FPL's business profile is "excellent", and its financial profile is "intermediate". Business risk is portrayed in five categories (excellent, strong, satisfactory, weak, and vulnerable), and financial risk in five categories (minimal, modest, intermediate, aggressive, and highly leveraged). Business risk is anchored on the company's core electric utility operations in Florida, which exhibit strength in almost every area of analysis. The service territory is healthy and growing, the customer mix is mostly residential and commercial, the regulatory environment supports credit quality and regulatory risk is well-managed, costs and rates are solid, and reliability and customer satisfaction are high. However, a large and growing reliance on natural gas to fuel utility generation could over time turn from an advantage (because of its environmental status) to a weakness if gas prices continue to fluctuate and trend up. Utility managers will be challenged to keep all constituents--customers, regulators, and investors--contented in a future that could feature rising commodity costs, accelerating capital spending, greater demands for cleaner energy, and possibly slower customer growth.

FPLE, the main subsidiary under FPL Group Capital Inc., the unregulated side of FPL, engages in electric generation throughout the U.S. The focus is on geographic and fuel diversity, and on environmentally advantageous facilities that could benefit from climate change political trends. FPLE's more than 15,000 MW of generation capacity consists of almost one-half natural gas–fired stations, one-third wind turbines, and the rest mainly nuclear facilities. The wind projects and three of the four nuclear plants operate under mainly fixed-price, long-term contracts. The rest of the portfolio--almost one-half, including a nuclear plant--is merchant capacity that accepts market prices for its output. While a policy of actively hedging the commodity price risk of the input and output of the plants helps to dampen the risk associated with energy merchant activities, there is an inherent risk level at FPLE that cannot be avoided and permanently hinders credit quality throughout the FPL family. The governance and financial policies used to manage risk in this segment are, in Standard & Poor's opinion, adequate for the FPL, FP&L, and FPL Capital ratings.

The financial profile of FPL, on which all ratings are based, is characterized by very healthy credit metrics, adequate liquidity, and management and regulatory commitment to credit quality that supports ratings. Importantly, sophisticated but complex financial structures employed at the project level substantiate significant off-credit treatment of largely nonrecourse debt at FPLE. Any explicit or implicit indication that FPL management would use its own financial resources to aid a troubled project in support of strategic objectives could lead Standard & Poor's to re-evaluate the adjustments made to FPL's reported debt. Large adjustments are also factored into the credit analysis regarding hybrid debt instruments and power purchase agreements at FP&L. Resulting credit metrics comfortably fall into the "intermediate" range of indicative ratios in current market conditions and are expected to remain solid for the next few years. Current ratings rest on such financial performance and continued attention to the liquidity and risk management requirements of the merchant activities.

Liquidity

The short-term rating on FP&L is 'A-1'. The utility's liquidity is managed by the parent, but it does have its own sources of liquidity. FPL's available cash flow is not sufficient to fund its large capital expenditures and dividends and is expected to remain negative for the foreseeable future. FPL has adequate liquidity with $6.5 billion of revolving bank facilities maturing in 2012 and a $250 million revolving term loan maturing in 2011. Almost all of that capacity was available as of March 31, 2008, in addition to $600 million of cash and equivalents on the balance sheet. The facilities support FPL's commercial paper program and letters of credit.

By analyzing a stress scenario to assess FPL's liquidity adequacy to cover exposure to adverse market and credit events, Standard & Poor's expects that the company has sufficient liquidity under those conditions. The company's maturity schedule subsides over time, with maturities peaking at $1.6 billion during 2008.

Outlook

The stable outlook on FPL and subsidiaries reflects the predictable cash flow from FP&L, a favorable regulatory environment, and growing service territory. The rating could be pressured if growth in the unregulated portfolio increases the consolidated company's business risk, the forecast becomes more dependent on growth at FPL Energy, or the projected cash flow is insufficient to maintain the current financial risk profile. Any failure to sufficiently manage the considerable market, liquidity, operational, and regulatory risks faced by the company, especially in the merchant energy and energy marketing and trading subsidiaries, would imperil ratings and the stable outlook. Merger or acquisitions that do not demonstrate a commitment to credit quality could result in lower ratings, regardless of the timing or outcome of the transaction. An improvement in the rating is possible if FPL can demonstrate that the recent strong financial performance is reasonably sustainable even through less robust market conditions.

Table 1

FPL Group Inc. -- Peer Comparison*

Industry Sector: Energy

	--Average of past three fiscal years--			
	FPL Group Inc.	**Southern Co.**	**Duke Energy Corp.**	**Wisconsin Public Service Corp.**
Rating as of Aug. 14, 2008	A/Stable/--	A/Stable/A-1	A-/Stable/NR	A/Stable/A-2

Table 1

FPL Group Inc. -- Peer Comparison*(cont.)

(Mil. $)				
Revenues	13,822.7	13,577.6	15,396.9	1,495.1
Net income from cont. oper.	1,099.2	1,509.4	2,048.0	100.0
Funds from operations (FFO)	2,844.3	3,414.7	3,841.4	224.6
Capital expenditures	1,733.7	2,659.6	3,142.3	310.1
Cash and short-term investments	480.0	170.8	1,554.3	9.8
Debt	10,818.4	15,995.6	17,112.3	1,111.7
Preferred stock	503.0	1,046.8	0.0	42.7
Equity	10,524.1	12,340.4	21,515.0	1,076.1
Debt and equity	21,342.5	28,336.0	38,627.3	2,187.9
Adjusted ratios				
EBIT interest coverage (x)	2.9	3.6	3.6	3.8
FFO int. cov. (x)	5.2	5.0	4.4	4.7
FFO/debt (%)	26.3	21.3	22.4	20.2
Discretionary cash flow/debt (%)	0.7	(5.5)	(5.4)	(17.4)
Net cash flow / capex (%)	128.7	84.2	81.8	43.6
Total debt/debt plus equity (%)	50.7	56.4	44.3	50.8
Return on common equity (%)	10.9	13.5	9.5	9.2
Common dividend payout ratio (un-adj.) (%)	54.3	74.6	61.9	89.5

*Fully adjusted (including postretirement obligations).

Table 2

FPL Group Inc. -- Financial Summary*

Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2007	**2006**	**2005**	**2004**	**2003**
Rating history	A/Stable/--	A/Stable/--	A/Watch Neg/--	A/Negative/--	A/Negative/--
(Mil. $)					
Revenues	14,861.5	15,225.5	11,381.1	10,165.1	9,372.3
Net income from continuing operations	1,263.3	1,181.6	852.7	869.4	892.6
Funds from operations (FFO)	3,558.6	3,728.7	1,245.7	1,902.0	2,219.2
Capital expenditures	1,802.7	1,794.0	1,604.3	1,308.8	1,289.5
Cash and short-term investments	290.0	620.0	530.0	225.0	129.0
Debt	10,770.2	11,636.9	10,048.2	9,206.8	9,433.1
Preferred stock	1,004.5	504.5	0.0	0.0	5.0
Equity	11,739.5	10,434.5	9,398.3	8,904.0	8,286.4
Debt and equity	22,509.7	22,071.4	19,446.5	18,110.8	17,719.5
Adjusted ratios					
EBIT interest coverage (x)	3.2	3.0	2.4	2.7	3.0
FFO int. cov. (x)	6.3	5.0	3.0	4.4	5.4
FFO/debt (%)	33.0	32.0	12.4	20.7	23.5

Table 2

FPL Group Inc. -- Financial Summary*(cont.)					
Discretionary cash flow/debt (%)	9.9	0.4	(9.0)	5.2	2.5
Net Cash Flow / Capex (%)	158.6	174.6	43.7	109.6	139.1
Debt/debt and equity (%)	47.8	52.7	51.7	50.8	53.2
Return on common equity (%)	11.5	11.9	9.2	9.3	11.0
Common dividend payout ratio (un-adj.) (%)	51.8	50.2	63.8	53.7	47.6

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of FPL Group Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2007--										
FPL Group Inc. reported amounts											
	Debt	**Shareholders' equity**	**Revenues**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	13,698.0	10,735.0	15,263.0	3,622.0	3,622.0	2,467.1	762.0	3,594.1	3,594.1	654.0	1,857.0
Standard & Poor's adjustments											
Intermediate hybrids reported as debt	(1,004.5)	1,004.5	--	--	--	--	(46.1)	46.1	46.1	46.1	--
Postretirement benefit obligations	--	--	--	(124.0)	(124.0)	(124.0)	--	50.7	50.7	--	--
Capitalized interest	--	--	--	--	--	--	54.3	(54.3)	(54.3)	--	(54.3)
Share-based compensation expense	--	--	--	--	39.0	--	--	--	--	--	--
Nonrecourse debt	(2,437.1)	--	(151.6)	(151.6)	(151.6)	(151.6)	(151.6)	--	--	--	--
Securitized utility cost recovery	(652.0)	--	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)	--	--	--	--
Power purchase agreements	1,165.8	--	--	146.3	146.3	73.1	73.1	73.2	73.2	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	--	157.0	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	--	(7.0)	--	--
US decommissioning fund contributions	--	--	--	--	--	--	--	(101.8)	(101.8)	--	--
Other	--	--	(228.8)	(228.8)	(228.8)	(228.8)	--	(42.4)	(42.4)	--	--
Total adjustments	(2,927.8)	1,004.5	(401.5)	(379.3)	(340.3)	(295.4)	(91.5)	(28.5)	(35.5)	46.1	(54.3)

Table 3

Reconciliation Of FPL Group Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*(cont.)

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	10,770.2	11,739.5	14,861.5	3,242.7	3,281.7	2,171.7	670.5	3,565.6	3,558.6	700.1	1,802.7

*FPL Group Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of August 20, 2008)*

Florida Power & Light Co.	
Corporate Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Preferred Stock (2 Issues)	BBB+
Senior Secured (6 Issues)	AA/Negative
Corporate Credit Ratings History	
26-Oct-2006	A/Stable/A-1
19-Dec-2005	A/Watch Neg/A-1
12-Nov-2002	A/Negative/A-1
Financial Risk Profile	Intermediate
Related Entities	
FPL Energy American Wind LLC	
Senior Secured (1 Issue)	BBB/Stable
FPL Energy National Wind LLC	
Senior Secured (1 Issue)	BBB-/Stable
FPL Energy National Wind Portfolio LLC	
Senior Secured (1 Issue)	BB-/Stable
FPL Energy Wind Funding LLC	
Senior Secured (1 Issue)	BB/Stable
FPL Fuels Inc.	
Commercial Paper	
Local Currency	A-1
FPL Group Capital Inc.	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Junior Subordinated (1 Issue)	BBB+
Senior Unsecured (1 Issue)	AA/Negative
FPL Group Capital Trust I	
Preferred Stock (1 Issue)	BBB+
FPL Group Inc.	
Issuer Credit Rating	A/Stable/--

Ratings Detail (As Of August 20, 2008)* **(cont.)**	
Junior Subordinated (3 Issues)	BBB+
Senior Unsecured (5 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

STANDARD
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RatingsDirect®

July 29, 2008

Summary:
Florida Power & Light Co.

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Florida Power & Light Co.

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Credit Opinion: Florida Power & Light Company

Florida Power & Light Company

Juno Beach, Florida, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A1
First Mortgage Bonds	Aa3
Senior Secured MTN	Aa3
Jr Subordinate Shelf	(P)A2
Preferred Stock	A3
Commercial Paper	P-1
Parent: FPL Group, Inc.	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured Shelf	(P)A2
Jr Subordinate Shelf	(P)A3
Preferred Shelf	(P)Baa1

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Key Indicators

[1]
Florida Power & Light Company

	LTM 3/31/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	**7.6x**	**8.3x**	**9.2x**	**5.2x**
(CFO Pre-W/C) / Debt	**35%**	**36%**	**47%**	**20%**
(CFO Pre-W/C - Dividends) / Debt	**22%**	**18%**	**47%**	**17%**
(CFO Pre-W/C - Dividends) / Capex	**63%**	**55%**	**122%**	**45%**
Debt / Book Capitalization	**38%**	**38%**	**32%**	**33%**
EBITA Margin %	**13%**	**14%**	**12%**	**14%**

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Corporate Profile

Headquartered in Juno Beach, Florida, Florida Power and Light Company (FP&L, A1 Issuer Rating, stable outlook) is a vertically integrated regulated utility with a service territory that includes most of the high growth Florida coastal communities. It is the principal subsidiary of FPL Group (FPL, A2 Issuer Rating, stable outlook), one of the largest providers of electricity-related services in North America with annual revenues of approximately $15 billion. FPL is also the parent and guarantor of FPL Group Capital Inc (A2 senior unsecured, stable outlook), the entity that finances most of FPL's unregulated operations, primarily independent power projects through its wholly owned subsidiary, FPL Energy, LLC (unrated). FPL derives most of its cash flows from the regulated operations of FP&L,

although an increasing amount of cash flow is also being generated from FPL Energy.

Recent Developments

On June 3, 2008, FP&L filed for a $746 million increase in its pass-through fuel charge as a result of higher costs for natural gas and oil, which would result in an increase in residential customer bills of 16%. The company has asked the Florida Public Service Commission (FPSC) to vote on its request at its July 1, 2008 meeting.

Over the last two quarters, FP&L has experienced slowing growth rates and weakening economic conditions throughout its service territory, partly related to depressed housing market conditions in Florida. Management has indicated that revenues and earnings growth at FP&L will likely be negatively affected for the remainder of 2008 and the utility has taken steps to reduce O&M and capital expenditures in response.

In April 2008, FP&L filed a determination of need with the Florida Public Service Commission (FPSC) to construct a third 1,220 MW natural gas unit in its West County Energy Center in Palm Beach County. If approved, the plant would be in operation by 2011.

In March 2008, the FPSC approved FP&L's determination of need filed in October 2007 proposing two additional nuclear units at its Turkey Point nuclear generating station in south Florida. FP&L has indicated that the Westinghouse AP 1000 is its preferred technology for these units. Depending on the technology ultimately chosen, FP&L estimates costs to be between $12 and $24 billion for both units, which are expected to go into service in 2018 and 2020, respectively.

Rating Rationale

FP&L's A1 Issuer Rating reflects strong financial performance and cash flow coverage ratios, an above average regulatory environment for electric utilities in the state of Florida, including timely cost recovery mechanisms and a large, mainly residential service territory that has experienced high growth rates in recent years. Offsetting these positive credit factors are significant capital expenditure requirements over the next several years for new generation, transmission and distribution investment, a recently slowing Florida economy that has been negatively affected by the depressed housing market, and a service territory that is exposed to hurricane related event risk.

The key rating drivers for FP&L are:

- Strong financial performance and cash flow coverage ratios

FP&L's rating reflects the company's solid financial performance and cash flow coverage ratios that are strong for its rating category. Credit metrics recovered to more normalized levels in 2006 and 2007 after significant volatility in prior years due to storm damage costs and the timing of large fuel recoveries. CFO pre-working capital interest coverage was 8.3 times in 2007 and CFO pre-working capital to debt was 36% in 2007, among the strongest in the industry. These metrics for the twelve-months ending March 31, 2008 were 7.6 times and 35%, respectively, with the slight decline partially a result of weakening growth due to declines in both new customers and customer usage, which began to materialize in the fourth quarter of 2007.

FP&L's credit metrics place the company strongly within the A rating category in accordance with Moody's global ratings methodology for regulated electric utilities. Going forward, the company's metrics could decline somewhat due to the additional debt that will be necessary to fund its significant capital expenditure program, although they are expected remain adequate for its current rating over the near term assuming continued supportive regulatory treatment that includes full and timely recovery of prudently incurred costs.

- Significant capital expenditure requirements over the next several years

FP&L is undergoing a sizeable capital expenditure plan that includes new generation plants necessary to meet baseload needs, transmission and distribution improvements as part of its Storm Secure program, and renewable energy initiatives to meet expected renewable portfolio standards in Florida. In addition to a two-unit natural gas plant currently under construction in Palm Beach County, 400 MWs of nuclear uprates at the Turkey Point and St. Lucie nuclear plants have been approved and a third natural gas unit has been submitted to the FPSC for approval.

Capital expenditures at FP&L for the next five years are projected at $13 billion with 2008 capex estimated at $2.8 billion. This is a significant increase from the $1.5 to $2 billion a year experienced over the last three years. Debt levels are expected to rise as a significant amount of new debt will be necessary to fund these plans, although debt to capitalization is expected to remain in the 40% range. Mitigating these concerns is the utility's ability to recover generation-related expenditures as part of the current rate settlement, and 2006 legislation that allows FP&L to recover preconstruction costs and earn a return on nuclear-related CWIP.

The Florida Public Service Commission recently approved FP&L's determination of need proposing two additional nuclear units at the Turkey Point nuclear plant site. The proposed units would total between 2,200 and 3,000 MWs, with projected in-service dates of 2018 and 2020, at an estimated cost between $12 to $24 billion. Constructing a project of this size and complexity is a long-term challenge that will be highly dependent on continued regulatory and political support and cost recovery provisions that will be sufficient to maintain credit quality over the long construction period.

- FP&L operates in a regulatory environment that has strong and timely cost recovery mechanisms, although its current rate agreement expires next year

FP&L maintains reasonable rates, has established fuel and purchase power cost recovery mechanisms in place, and operates under a rate agreement that is set to expire in 2009. Under this rate agreement, generation additions are recoverable, as are all prudently incurred storm-related costs. FP&L was also able to take advantage of securitization legislation passed in Florida and securitize a large portion of its storm costs. The company can also recover prudently incurred costs for the potential siting, designing, licensing and construction of new nuclear baseload generation, a particularly important provision considering the anticipated high cost of new nuclear plants. Until these new nuclear plants are built, FP&L will increase its reliance on natural gas.

- Highly residential service territory with good demographics, although growth has been negatively affected by economic weakness, especially in the Florida housing market

Recent lower customer growth rates in the fourth quarter of 2007 and the first quarter of 2008 indicates that FP&L has begun to feel the effects of the economic downturn in Florida. Sluggish economic conditions and a depressed housing market have limited migration to Florida, although population growth in the intermediate to long-term is expected to remain above national averages. FP&L's favorable customer mix, skewed heavily toward residential and commercial customers, should help maintain stability, although the company has taken steps to reduce O&M and capital expenditures.

Liquidity Profile

FP&L maintains a solid liquidity profile and strong access to the commercial paper markets with a large, mostly unused five-year $2.5 billion bank credit facility that was recently extended to 2013 (except for $17 million still expiring in 2012). The company had $451 million of cash on hand as of March 31, 2008, up from $63 million at December 31, 2007. Commercial paper outstanding at March 31 totaled $341 million, which had been paid down from $842 million at December 31, for the most part with the proceeds of a $600 million first mortgage bond issue completed in the first quarter. The company has maintained strong access to the capital markets despite unsettled credit market conditions over the last year. Historically, seasonal cash requirements and short-term borrowings generally reach peak levels during the fourth quarter.

FP&L's cash flow has been strong but variable in recent years due to large regulatory deferrals in some years caused by storm damages and high fuel costs. Cash flow from operations of $2.2 billion in 2007 was insufficient to cover $1.8 billion of capital expenditures and an unusually high $1.1 billion of dividends upstreamed to the parent company, which resulted in a substantial $1 billion net increase in long-term debt last year. Projected capital expenditures of $2.8 billion in 2008 will continue to require substantial external financing. FP&L has a manageable $237 million of long-term debt coming due within the next twelve months, consisting for the most part of first mortgage bonds. The company has no material adverse change clause and is in compliance with the debt to capitalization financial covenant contained in its bank agreements, which the company does not make public. FP&L is expected to remain in compliance with this covenant going forward despite the additional debt required by its capital expenditure plans.

Rating Outlook

The stable outlook reflects Moody's expectations that FP&L's financial performance and coverage metrics will remain strong for its rating category despite the additional debt necessary to fund planned capital expenditures. The outlook also takes into account the collaborative Florida regulatory environment that should continue to provide for full and timely recovery of prudently incurred costs.

What Could Change the Rating - Up

An upgrade could be considered if there is a significant, sustained increase in cash flow coverage metrics above the currently high levels; however, upward movement of FP&L's unsecured rating into the Aa category rating is constrained by the utility's limited geographic diversity, ongoing exposure to event risk caused by storms in its service territory, its substantial capital expenditure program, and its growing intermediate term reliance on natural gas.

What Could Change the Rating - Down

A sustained decline in cash flow coverage metrics, including CFO pre-working capital interest coverage below 5.0 times and CFO pre-working capital to debt below 25%; a increase in debt to capital above the 40% range; a significant change in regulatory recovery provisions in Florida; unanticipated or higher than expected capital expenditure requirements.

Rating Factors

Florida Power & Light Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	**Aa**	**Aa**	**A**	**A**	**Baa**	**Baa**	**Ba**	**Ba**
Level of Business Risk	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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January 17, 2008

Florida Power & Light Co.

Primary Credit Analyst:
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Florida Power & Light Co.

Major Rating Factors

Corporate Credit Rating

A/Stable/A-1

Strengths:

- High quality electric utility generates steady cash flows;
- Constructive regulatory environment in Florida; and
- Strong customer growth with predominantly residential base.

Weaknesses:

- Dependent on natural gas to generate electricity; and
- Higher-risk cash flows from affiliate FPL Energy's merchant generation detracts from the entire group's credit quality.

Rationale

The ratings on Florida Power & Light Co. (FP&L) are based on the consolidated credit profile of parent FPL Group Inc. (FPL) Ratings reflect the strength of the regulated cash flows from integrated electric utility FP&L. The utility contributes to about three-quarters of the consolidated credit profile and has better business fundamentals than most of its integrated electric peers, with a healthy and growing service territory, sound operations, and a supportive regulatory environment. However, the following factors detract from credit quality: the company's increasing exposure to wholesale energy activities, its willingness to expand through acquisitions and increase its risk profile, the fluctuating cash flows from FPL Energy Inc.'s portfolio of merchant generation, and the utility's significant exposure to natural gas.

Short-term credit factors

The short-term rating on FP&L is 'A-1'. The utility's liquidity is managed by the parent, but it does have its own sources of liquidity. FPL's available cash flow is not sufficient to fund its large capital expenditures and dividends and is expected to remain negative for the foreseeable future. FPL has adequate liquidity with $6.5 billion of revolving bank facilities maturing in 2012 and a $250 million revolving term loan maturing in 2011. Almost all of that capacity was available as of Sept. 30, 2007. The facilities support commercial paper programs and letters of credit.

By analyzing a stress scenario to assess FPL's liquidity adequacy to cover exposure to adverse market and credit events, Standard & Poor's expects that the company has sufficient liquidity under those conditions. The company's maturity schedule subsides over time, with maturities peaking at $1.6 billion in 2008.

Outlook

The stable outlook on FP&L and FPL reflects the predictable utility cash flows, a favorable regulatory environment, and growing service territory. The rating could be pressured if growth in the unregulated portfolio increases the consolidated company's business risk, the forecast becomes more dependent on earnings growth at FPL Energy, or the projected cash flow is insufficient to maintain ratings in line with the our expectations. An improvement in the rating is possible if FPL can demonstrate sustainable stronger financial performance.

Table 1

FPL Group Inc. -- Peer Comparison*

Industry Sector: Electric Utilities

	--Average of past three fiscal years--			
	FPL Group Inc.	**Southern Co - Deconsolidated**	**Duke Energy Corp.**	**Wisconsin Public Service Corp.**
Rating as of Jan. 9, 2008	A/Stable/--	A/Stable/A-1	A-/Stable/NR	A/Stable/A-2
(Mil. $)				
Revenues	12,257.2	12,459.9	18,006.6	1,370.5
Net income from cont. oper.	967.9	1,447.7	1,958.0	98.2
Funds from oper. (FFO)	2,292.1	3,465.6	3,724.9	241.8
Capital expenditures	1,569.0	2,203.5	2,804.4	327.7
Cash and investments	458.3	218.1	1,799.9	9.6
Debt	10,297.3	15,098.4	19,186.2	1,036.3
Preferred stock	168.2	985.2	44.7	51.2
Equity	9,578.9	11,359.3	20,217.1	947.4
Debt and equity	19,876.2	26,457.7	39,403.3	1,983.7
Adjusted ratios				
EBIT interest coverage (x)	2.7	3.7	3.2	4.0
FFO interest coverage (x)	4.5	5.6	3.8	5.4
FFO/debt (%)	22.3	23.0	19.4	23.3
Discretionary cash flow/debt (%)	(1.2)	(3.6)	(1.7)	(18.8)
Net cash flow/capex (%)	111.9	106.2	87.8	48.0
Debt/total capital (%)	51.8	57.1	48.7	52.2
Return on common equity (%)	10.2	14.0	10.7	9.8
Common dividend payout ratio (un-adj.) (%)	55.2	68.9	64.4	85.6

*Fully adjusted (including postretirement obligations).

Table 2

FPL Group Inc. -- Financial Summary*

Industry Sector: Electric Utilities

	--Fiscal year ended Dec. 31--				
	2006	**2005**	**2004**	**2003**	**2002**
Rating history	A/Stable/--	A/Watch Neg/--	A/Negative/--	A/Negative/--	A/Negative/--
(Mil. $)					
Revenues	15,225.5	11,381.1	10,165.1	9,372.3	8,173.0
Net income from cont. oper.	1,181.6	852.7	869.4	892.6	695.0
Funds from oper. (FFO)	3,728.7	1,245.7	1,902.0	2,219.2	2,159.4
Capital expenditures	1,794.0	1,604.3	1,308.8	1,289.5	1,277.0
Cash and investments	620.0	530.0	225.0	129.0	266.0
Debt	11,636.9	10,048.2	9,206.8	9,433.1	9,510.0
Preferred stock	504.5	0.0	0.0	5.0	226.0
Equity	10,434.5	9,398.3	8,904.0	8,286.4	6,788.9

Table 2

FPL Group Inc. -- Financial Summary*(cont.)					
Debt and equity	22,071.4	19,446.5	18,110.8	17,719.5	16,298.9
Adjusted ratios					
EBIT interest coverage (x)	3.0	2.4	2.7	3.0	4.0
FFO interest coverage (x)	6.0	3.0	4.4	5.4	6.8
FFO/debt (%)	32.0	12.4	20.7	23.5	22.7
Discretionary cash flow/debt (%)	0.4	(9.0)	5.2	2.5	5.2
Net cash flow/capex (%)	174.6	43.7	109.6	139.1	137.8
Debt/debt and equity (%)	52.7	51.7	50.8	53.2	58.3
Return on common equity (%)	11.9	9.2	9.3	11.0	11.2
Common dividend payout ratio (un-adj.) (%)	50.2	63.8	53.7	47.6	57.6

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of FPL Group Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*											
	--Fiscal year ended Dec. 31, 2006--										
FPL Group Inc. reported amounts											
	Debt	Shareholders' equity	Revenues	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Dividends paid	Capital expenditures
Reported	12,333.0	9,930.0	15,306.4	3,270.8	3,270.8	2,019.9	706.0	2,498.0	2,498.0	593.0	1,826.0
Standard & Poor's adjustments											
Intermediate hybrids reported as debt	(504.5)	504.5	--	--	--	--	(3.0)	3.0	3.0	3.0	--
Postretirement benefit obligations	--	--	--	(122.0)	(122.0)	(122.0)	--	52.7	52.7	--	--
Capitalized interest	--	--	--	--	--	--	32.0	(32.0)	(32.0)	--	(32.0)
Share-based compensation expense	--	--	--	--	34.0	--	--	--	--	--	--
Nonrecourse debt	(1,443.5)	--	(80.9)	(80.9)	(80.9)	(80.9)	(80.9)	--	--	--	--
Power purchase agreements	1,251.9	--	--	82.4	82.4	82.4	82.4	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	--	274.4	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	--	1,289.0	--	--
US decommissioning fund contributions	--	--	--	--	--	--	--	(82.0)	(82.0)	--	--

Table 3

Reconciliation Of FPL Group Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*(cont.)											
Total adjustments	(696.1)	504.5	(80.9)	(120.5)	(86.5)	153.9	30.5	(58.4)	1,230.7	3.0	(32.0)
Standard & Poor's adjusted amounts											
	Debt	**Equity**	**Revenues**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Dividends paid**	**Capital expenditures**
Adjusted	11,636.9	10,434.5	15,225.5	3,150.3	3,184.3	2,173.8	736.5	2,439.7	3,728.7	596.0	1,794.0

*FPL Group Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of January 17, 2008)*	
Florida Power & Light Co.	
Corporate Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Preferred Stock	
Local Currency	BBB+
Senior Secured	
Local Currency	A
Corporate Credit Ratings History	
26-Oct-2006	A/Stable/A-1
19-Dec-2005	A/Watch Neg/A-1
12-Nov-2002	A/Negative/A-1
Financial Risk Profile	Intermediate
Debt Maturities	
(For parent FPL Group) 2008 $1.615 bil. 2009 $1.041 bil. 2010 $190 mil. 2011 $787 mil.	
Related Entities	
FPL Group Capital Inc.	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
FPL Group Inc.	
Issuer Credit Rating	A/Stable/--
Junior Subordinated	
Local Currency	BBB+
Senior Unsecured	
Local Currency	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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July 29, 2008

Florida Power & Light Co.

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Florida Power & Light Co.

Major Rating Factors

Strengths:
- High quality electric utility generates steady cash flows;
- Constructive regulatory environment in Florida; and
- Strong customer growth with predominantly residential base.

Weaknesses:
- Dependence on natural gas to generate electricity; and
- Higher-risk cash flows from FPL Energy's merchant generation.

Corporate Credit Rating

A/Stable/A-1

Rationale

The ratings on Florida Power & Light Co. (FP&L) are based on the consolidated credit profile of parent FPL Group Inc. (FPL) Ratings reflect the strength of the regulated cash flows from FP&L. The utility contributes to about three-quarters of the consolidated credit profile and has better business fundamentals than most of its integrated electric peers, with a healthy and growing service territory, sound operations, and a supportive regulatory environment. Detracting from credit quality are the company's increasing exposure to wholesale energy activities, its willingness to expand through acquisitions and increase its risk profile, the fluctuating cash flows from FPL Energy Inc.'s portfolio of merchant generation, and the utility's significant exposure to natural gas.

FPL's business profile is "excellent", and its financial profile is "intermediate". Business risk is portrayed in five categories (excellent, strong, satisfactory, weak, and vulnerable), and financial risk in five categories (minimal, modest, intermediate, aggressive, and highly leveraged). Business risk is anchored on the company's core electric utility operations in Florida, which exhibit strength in almost every area of analysis. The service territory is healthy and growing, the customer mix is mostly residential and commercial, the regulatory environment supports credit quality and regulatory risk is well-managed, costs and rates are solid, and reliability and customer satisfaction are high. However, a large and growing reliance on natural gas to fuel utility generation could over time turn from an advantage (because of its environmental status) to a weakness if gas prices continue to fluctuate and trend up. Utility managers will be challenged to keep all constituents--customers, regulators, and investors--contented in a future that could feature rising commodity costs, accelerating capital spending, greater demands for cleaner energy, and possibly slower customer growth.

FPLE, the main subsidiary under FPL Group Capital Inc., the unregulated side of FPL, engages in electric generation throughout the U.S. The focus is on geographic and fuel diversity, and on environmentally advantageous facilities that could benefit from climate change political trends. FPLE's more than 15,000 MW of generation capacity consists of almost one-half natural gas–fired stations, one-third wind turbines, and the rest mainly nuclear facilities. The wind projects and three of the four nuclear plants operate under mainly fixed-price, long-term contracts. The rest of the portfolio--almost one-half, including a nuclear plant--is merchant capacity that accepts market prices for its output. While a policy of actively hedging the commodity price risk of the input and output of the plants helps to dampen the risk associated with energy merchant activities, there is an inherent risk level at FPLE that cannot be avoided and permanently hinders credit quality throughout the FPL family. The governance and financial policies used to manage risk in this segment are, in Standard & Poor's opinion, adequate for the FPL, FP&L, and FPL Capital ratings.

The financial profile of FPL, on which all ratings are based, is characterized by very healthy credit metrics, adequate liquidity, and management and regulatory commitment to credit quality that supports ratings. Importantly, sophisticated but complex financial structures employed at the project level substantiate significant off-credit treatment of largely nonrecourse debt at FPLE. Any explicit or implicit indication that FPL management would use its own financial resources to aid a troubled project in support of strategic objectives could lead Standard & Poor's to re-evaluate the adjustments made to FPL's reported debt. Large adjustments are also factored into the credit analysis regarding hybrid debt instruments and power purchase agreements at FP&L. Resulting credit metrics comfortably fall into the "intermediate" range of indicative ratios in current market conditions and are expected to remain solid for the next few years. Current ratings rest on such financial performance and continued attention to the liquidity and risk management requirements of the merchant activities.

Liquidity

The short-term rating on FP&L is 'A-1'. The utility's liquidity is managed by the parent, but it does have its own sources of liquidity. FPL's available cash flow is not sufficient to fund its large capital expenditures and dividends and is expected to remain negative for the foreseeable future. FPL has adequate liquidity with $6.5 billion of revolving bank facilities maturing in 2012 and a $250 million revolving term loan maturing in 2011. Almost all of that capacity was available as of March 31, 2008, in addition to $600 million of cash and equivalents on the balance sheet. The facilities support FPL's commercial paper program and letters of credit.

By analyzing a stress scenario to assess FPL's liquidity adequacy to cover exposure to adverse market and credit events, Standard & Poor's expects that the company has sufficient liquidity under those conditions. The company's maturity schedule subsides over time, with maturities peaking at $1.6 billion during 2008.

Outlook

The stable outlook on FPL and subsidiaries reflects the predictable cash flow from FP&L, a favorable regulatory environment, and growing service territory. The rating could be pressured if growth in the unregulated portfolio increases the consolidated company's business risk, the forecast becomes more dependent on growth at FPL Energy, or the projected cash flow is insufficient to maintain the current financial risk profile. Any failure to sufficiently manage the considerable market, liquidity, operational, and regulatory risks faced by the company, especially in the merchant energy and energy marketing and trading subsidiaries, would imperil ratings and the stable outlook. Merger or acquisitions that do not demonstrate a commitment to credit quality could result in lower ratings, regardless of the timing or outcome of the transaction. An improvement in the rating is possible if FPL can demonstrate that the recent strong financial performance is reasonably sustainable even through less robust market conditions.

Table 1

FPL Group Inc. -- Peer Comparison*

Industry Sector: Energy

	FPL Group Inc.	Southern Co.	Duke Energy Corp.	Wisconsin Public Service Corp.
Rating as of July 29, 2008	A/Stable/--	A/Stable/A-1	A-/Stable/NR	A/Stable/A-2

Table 1

FPL Group Inc. -- Peer Comparison*(cont.)				
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	13,829.7	13,577.6	15,396.9	1,495.1
Net income from cont. oper.	1,099.2	1,509.4	2,048.0	100.0
Funds from operations (FFO)	2,864.5	3,414.7	3,841.4	224.6
Capital expenditures	1,739.8	2,659.6	3,142.3	310.1
Cash and short-term investments	480.0	170.8	1,554.3	9.8
Debt	11,124.3	15,995.6	17,112.3	1,111.7
Preferred stock	503.0	1,046.8	0.0	42.7
Equity	10,524.1	12,340.4	21,515.0	1,076.1
Debt and equity	21,648.3	28,336.0	38,627.3	2,187.9
Adjusted ratios				
EBIT interest coverage (x)	2.9	3.6	3.6	3.8
FFO int. cov. (X)	5.2	5.0	4.4	4.7
FFO/debt (%)	25.8	21.3	22.4	20.2
Discretionary cash flow/debt (%)	0.8	(5.5)	(5.4)	(17.4)
Net cash flow / capex (%)	129.4	84.2	81.8	43.6
Total debt/debt plus equity (%)	51.4	56.4	44.3	50.8
Return on common equity (%)	11.0	13.5	9.5	9.2
Common dividend payout ratio (un-adj.) (%)	54.3	74.6	61.9	89.5

*Fully adjusted (including postretirement obligations).

Table 2

FPL Group Inc. -- Financial Summary*					
Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2007	**2006**	**2005**	**2004**	**2003**
Rating history	A/Stable/--	A/Stable/--	A/Watch Neg/--	A/Negative/--	A/Negative/--
(Mil. $)					
Revenues	14,882.6	15,225.5	11,381.1	10,165.1	9,372.3
Net income from continuing operations	1,263.3	1,181.6	852.7	869.4	892.6
Funds from operations (FFO)	3,619.3	3,723.7	1,245.7	1,902.0	2,219.2
Capital expenditures	1,821.0	1,794.0	1,604.3	1,308.8	1,289.5
Cash and short-term investments	290.0	620.0	530.0	225.0	129.0
Debt	11,687.7	11,636.9	10,048.2	9,206.8	9,433.1
Preferred stock	1,004.5	504.5	0.0	0.0	5.0
Equity	11,739.5	10,434.5	9,398.3	8,904.0	8,286.4
Debt and equity	23,427.2	22,071.4	19,446.5	18,110.8	17,719.5
Adjusted ratios					
EBIT interest coverage (x)	3.3	3.0	2.4	2.7	3.0
FFO int. cov. (x)	6.3	6.0	3.0	4.4	5.4

Table 2

FPL Group Inc. -- Financial Summary*(cont.)					
FFO/debt (%)	31.0	32.0	12.4	20.7	23.5
Discretionary cash flow/debt (%)	9.5	0.4	(9.0)	5.2	2.5
Net cash flow/capex (%)	160.3	174.6	43.7	109.6	139.1
Debt/debt and equity (%)	49.9	52.7	51.7	50.8	53.2
Return on common equity (%)	11.7	11.9	9.2	9.3	11.0
Common dividend payout ratio (un-adj.) (%)	51.8	50.2	63.8	53.7	47.6

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of FPL Group Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

--Fiscal year ended Dec. 31, 2007--

FPL Group Inc. reported amounts

	Debt	Shareholders' equity	Revenues	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations
Reported	13,698.0	10,735.0	15,263.0	3,622.0	3,622.0	2,467.1	762.0	3,594.1
Standard & Poor's adjustments								
Intermediate hybrids reported as debt	(1,004.5)	1,004.5	--	--	--	--	(46.1)	46.1
Postretirement benefit obligations	--	--	--	(124.0)	(124.0)	(124.0)	--	50.7
Capitalized interest	--	--	--	--	--	--	36.0	(36.0)
Share-based compensation expense	--	--	--	--	39.0	--	--	--
Nonrecourse debt	(2,171.6)	--	(151.6)	(151.6)	(151.6)	(151.6)	(151.6)	--
Power purchase agreements	1,165.8	--	--	144.6	144.6	71.5	71.5	73.2
Reclassification of nonoperating income (expenses)	--	--	--	--	--	157.0	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	--
U.S. decommissioning fund contributions	--	--	--	--	--	--	--	(101.8)
Other	--	--	(228.8)	(228.8)	(228.8)	(228.8)	--	--
Total adjustments	(2,010.3)	1,004.5	(380.4)	(359.8)	(320.8)	(275.9)	(90.2)	32.2

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations
Adjusted	11,687.7	11,739.5	14,882.6	3,262.2	3,301.2	2,191.2	671.8	3,626.3

*FPL Group Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Table 4

FRCC Region Cost And Rates 2005 Peer Analysis

($/megawatt-hour)

Company	Fuel	Var. O&M costs	Total var. costs	Fixed costs	Total generation costs	Var. purchased power costs	Fixed purchased power costs	Total embedded costs
Florida Power & Light Co.	48.49	1.13	49.62	22.49	72.11	29.39	29.39	62.16
Florida Power Corp.	39.99	1.94	41.93	24.46	66.39	36.03	36.03	67.71
Gulf Power Co.	27.67	1.10	28.77	21.60	50.37	41.96	41.96	52.95
Tampa Electric Co.	44.82	1.23	46.05	34.62	80.67	40.59	40.59	80.82
FRCC average	40.24	1.35	41.59	25.79	67.39	36.99	36.99	65.91
S&P average	26.74	3.22	28.53	71.82	99.61	30.34	30.34	56.49

FRCC--Florida Reliability Coordinating Council. O&M--Operating and maintenance.

Table 5

South Region Electric Residential Customer Satisfaction

Company	2006 index	2005 index	2005/2006 difference	2006 rank
AEP-South	679	710	(31)	8
CPS Energy	711	724	(13)	4
Dominion Virginia Power	681	713	(32)	7
Duke Energy-South	716	753	(37)	3
Entergy	654	707	(53)	12
Florida Power and Light	663	721	(58)	10
Oklahoma Gas and Electric	697	747	(50)	6
PNM Resources	656	693	(37)	11
Progress Energy	717	734	(17)	2
Reliant Energy	626	675	(49)	14
South Carolina Electric & Gas	671	695	(24)	9
Southern Co.	723	746	(23)	1
Tampa Electric	705	688	17	5
TXU Energy	629	700	(71)	13
South Region average	679	720	(41)	
Industry average	668	704	(36)	

Ratings Detail (As Of July 29, 2008)*

Florida Power & Light Co.	
Corporate Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Preferred Stock (2 Issues)	BBB+
Senior Secured (6 Issues)	AA/Watch Neg
Corporate Credit Ratings History	
26-Oct-2006	A/Stable/A-1
19-Dec-2005	A/Watch Neg/A-1
12-Nov-2002	A/Negative/A-1

Ratings Detail (As Of July 29, 2008)*(cont.)	
Financial Risk Profile	Intermediate
Debt Maturities	
(For parent FPL Group Inc.) 2008 $1.615 bil. 2009 $1.041 bil. 2010 $190 mil. 2011 $787 mil.	
Related Entities	
FPL Group Capital Inc.	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
FPL Group Inc.	
Issuer Credit Rating	A/Stable/--
Junior Subordinated (3 Issues)	BBB+
Senior Unsecured (5 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Credit Opinion: Florida Power & Light Company

Florida Power & Light Company

Juno Beach, Florida, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A1
First Mortgage Bonds	Aa3
Senior Secured MTN	Aa3
Jr Subordinate Shelf	(P)A2
Preferred Stock	A3
Commercial Paper	P-1
Parent: FPL Group, Inc.	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured Shelf	(P)A2
Jr Subordinate Shelf	(P)A3
Preferred Shelf	(P)Baa1

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Key Indicators

[1]
Florida Power & Light Company

	LTM 3/31/07	2006	2005	2004
(CFO Pre-W/C + Interest) / Interest Expense	10.0x	9.2x	5.2x	10.3x
(CFO Pre-W/C) / Debt	53%	47%	20%	44%
(CFO Pre-W/C - Dividends) / Debt	45%	47%	17%	28%
(CFO Pre-W/C - Dividends) / Capex	115%	122%	45%	78%
Debt / Book Capitalization	33%	32%	33%	32%
EBITA Margin %	14%	14%	14%	15%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Company Profile

Headquartered in Juno Beach, Florida, Florida Power and Light Company (FP&L, A1 Issuer Rating, stable outlook) is a vertically integrated regulated utility with a service territory that includes most of the high growth Florida coastal communities. It is the principal subsidiary of FPL Group (FPL, A2 Issuer Rating, stable outlook), one of the largest providers of electricity-related services in North America with annual revenues close to $16 billion. FPL is also the parent and guarantor of FPL Group Capital Inc (A2 senior unsecured, stable outlook), the entity that finances most of FPL's unregulated operations, primarily independent power projects through its wholly owned subsidiary, FPL

Energy, LLC (unrated). FPL derives most of its cash flows from the regulated operations of FP&L, although an increasing amount of cash flow is also being generated from FPL Energy.

Rating Rationale

The key factors influencing FP&L's A1 Issuer Rating and stable outlook include:

- Strong financial performance and cash flow coverage ratios

FP&L's rating reflects the company's strong financial performance and cash flow coverage ratios that are above average for its rating in accordance with Moody's rating methodology for global regulated electric utilities. The company's credit metrics have experienced significant volatility in recent years, however, due to hurricane costs incurred in 2004 and 2005 and high fuel costs in 2005, much of which were deferred and recovered in subsequent years. As a result, cash flow coverage ratios are overstated in 2006 and for the first quarter of 2007 as the company recovered a large portion of these previously incurred but deferred storm and fuel costs. Ratios are expected to return to more normalized levels in 2007 and thereafter at approximately 6.0 times CFO before working capital plus interest to interest and 30% CFO before working capital plus interest to debt, barring any additional large deferrals. FP&L's metrics place the company strongly within the A rating category for medium business risk utilities in accordance with Moody's global ratings methodology for regulated electric utilities.

- FP&L operates in a constructive regulatory environment with rate stability through 2009

FP&L operates in a generally constructive regulatory environment that provides for reasonable rates and has established fuel and purchase power cost recovery mechanisms. The company is currently midway through a rate agreement set to expire in 2009. Recovery of generation additions is allowed under the settlement, as are all prudently incurred storm-related costs. Fuel costs are directly passed through to its customers. The company can also recover prudently incurred costs for the potential siting, designing, licensing and construction of new nuclear baseload generation.

FP&L did recently receive a regulatory setback, however, when the Florida Public Service Commission rejected a new 1,980 MW coal plant to be built by the utility in Glades County, Florida, highlighting the issue of fuel diversity in Florida. Without new coal or nuclear baseload generation additions, FP&L will become increasingly dependent on natural gas for generation needs. This will further expose the company to potentially higher and more volatile fuel costs and risks possible service interruptions should the supply of natural gas to Florida be disrupted as was the case in 2005 following hurricane damage to the Gulf Coast.

- Significant capital expenditure program to meet baseload generation needs, as well as for transmission and distribution improvements, including its "storm secure" program

FP&L is in the midst of a substantial capital expenditure program that includes a new natural gas fired unit at Turkey Point, which came into service on 5/1/07, and a new two-unit natural gas plant in western Palm Beach County. A significant amount of new debt will be necessary at the utility to fund this expansion, which will likely result in coverage metrics that are lower than historical averages, although they are expected to remain strong for its current rating category. The utility's leverage should also remain strong for its rating category at below 40% over the next several years. Overall capital expenditures for the next 5 years are projected at $11 billion with capital expenditures for 2007 estimated at $2 billion.

- FP&L has a high growth service territory with good demographics and a robust economy

FP&L benefits from Florida's healthy economy, high rate of population growth, and favorable customer mix. Population growth is expected to average 2% a year for the next 20 years, about twice the national average and among the highest of the most populous states. A favorable customer mix heavily skewed towards residential and commercial customers, high population growth, and the resulting increase in demand for electricity should support continued annual revenue growth of 2% despite recent declines in customer usage due to cooler weather and conservation initiatives.

Rating Outlook

The stable outlook reflects the continued constructive regulatory environment in Florida and Moody's expectation that the utility will continue to exhibit a strong financial performance, robust cash flow coverage ratios appropriate for its rating category, and moderate leverage during the its generation build out phase over the next several years.

What Could Change the Rating - Up

An upgrade could be merited if the utility's financial metrics improved significantly for a sustained period, including a ratio of CFO before working capital plus interest to debt above 30% and a ratio of CFO plus working capital plus interest to interest above 6.0 times, on a normalized basis. However, the lack of geographic diversity and the company's ongoing exposure to storms and likely increased proportion of natural gas in its fuel mix limits the upside potential for the rating.

What Could Change the Rating - Down

A substantial increase in dividends upstreamed to the parent company; a sustained decline in cash flow coverage metrics, including a ratio of CFO before working capital plus interest to debt below 25% and a ratio of CFO plus working capital plus interest to interest below 5.0 times, on a normalized basis; an increase in FP&L's debt-to-capital ratio above the 40% range; unanticipated higher capital expenditures; a significant decline in the constructiveness of the regulatory environment in Florida.

Rating Factors

Florida Power & Light Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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January 17, 2008

Summary:

Florida Power & Light Co.

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Table Of Contents

Summary:
Florida Power & Light Co.

Credit Rating: A/Stable/A-1

Rationale

The ratings on Florida Power & Light Co. (FP&L) are based on the consolidated credit profile of parent FPL Group Inc. (FPL) Ratings reflect the strength of the regulated cash flows from integrated electric utility FP&L. The utility contributes to about three-quarters of the consolidated credit profile and has better business fundamentals than most of its integrated electric peers, with a healthy and growing service territory, sound operations, and a supportive regulatory environment. However, the following factors detract from credit quality: the company's increasing exposure to wholesale energy activities, its willingness to expand through acquisitions and increase its risk profile, the fluctuating cash flows from FPL Energy Inc.'s portfolio of merchant generation, and the utility's significant exposure to natural gas.

Short-term credit factors

The short-term rating on FP&L is 'A-1'. The utility's liquidity is managed by the parent, but it does have its own sources of liquidity. FPL's available cash flow is not sufficient to fund its large capital expenditures and dividends and is expected to remain negative for the foreseeable future. FPL has adequate liquidity with $6.5 billion of revolving bank facilities maturing in 2012 and a $250 million revolving term loan maturing in 2011. Almost all of that capacity was available as of Sept. 30, 2007. The facilities support commercial paper programs and letters of credit.

By analyzing a stress scenario to assess FPL's liquidity adequacy to cover exposure to adverse market and credit events, Standard & Poor's expects that the company has sufficient liquidity under those conditions. The company's maturity schedule subsides over time, with maturities peaking at $1.6 billion in 2008.

Outlook

The stable outlook on FP&L and FPL reflects the predictable utility cash flows, a favorable regulatory environment, and growing service territory. The rating could be pressured if growth in the unregulated portfolio increases the consolidated company's business risk, the forecast becomes more dependent on earnings growth at FPL Energy, or the projected cash flow is insufficient to maintain ratings in line with the our expectations. An improvement in the rating is possible if FPL can demonstrate sustainable stronger financial performance.

FitchRatings
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Corporates

Global Power
North America
Credit Analysis

Florida Power & Light Company

Subsidiary of FPL Group, Inc.

Ratings

Security Class	Current Rating
IDR	A
Secured Mortgage Bonds	AA–
Unsecured Pollution Bonds	A+
Short-Term IDR	F1

Outlook

Stable

Financial Data

Florida Power & Light Company
($ Mil.)

	LTM 9/30/07	LTM 12/30/06
Revenues	11,690	11,988
Gross Margin	4,862	4,872
Cash Flow from Operations	2,368	1,668
Operating EBITDA	2,403	2,453
Total Debt	5,722	4,844
Total Capitalization	12,825	12,383
RO Avg. Equity (%)	11.4	11.3
Capex/Depreciation (%)	223	195

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Related Research

- *Credit Analysis, FPL Group, Inc. and FPL Group Capital, Inc., dated Feb. 12, 2008.*
- *New Issue, FPL Recovery Funding LLC Senior Secured Bonds, dated May 7, 2007.*
- *Credit Update, FPL Energy National Wind LLC, dated Sept. 13, 2006.*

Rating Rationale

- The ratings and Outlook of Florida Power & Light Co. (FP&L) are consistent with the strong individual financial condition of the utility.
- The ratings also benefit from regulatory policies and procedures in Florida that generally minimize regulatory lag and permits reasonably timely recovery of fuel and purchased-power expense and investment in fixed assets.
- High capital investment spending will require external financing and entail implementation and execution risks.
- Fitch's ratings of FP&L also consider the business and financial profile of its parent, FPL Group, Inc.

Key Rating Drivers

- The utility has a large and robust service territory that has experienced growing population and customer demand. Demand is primarily residential or commercial, with a very small industrial component.
- The company has above-average exposure to tropical storms, mitigated by regulatory policies that permit the company to recoup its costs of storm repair and restoration.
- Maintaining a supportive political and regulatory environment in Florida that permits full and timely recovery of utility capital investments, commodity costs and storm recovery is important to the maintenance of the current ratings.

Recent Events

Profitability and Cash Flow

FP&L's cash flow measures improved in 2007 after a drop in 2005 and early 2006 related to delays in recovering higher fuel and purchased power expenses, as well as storm repair costs. The expenses were deferred for subsequent billing, and FP&L received full recovery through charges on customer bills spread over late 2006 and early 2007. This event illustrated FP&L's sensitivity to natural gas commodity prices and to storms, and the potential correlation of severe storms with natural gas supply shortage and price spikes. It also illustrated the efficacy of the utility tariff recovery mechanisms, albeit with a lag of at least a year in ultimate recovery.

Hurricane Damage/Securitization

In May 2007, a subsidiary of FP&L issued $652 million of storm recovery bonds. The net proceeds were used to reimburse FP&L for $519 million of expenses for storm recovery and to build a storm and insurance reserve fund of $123 million (after tax). In Fitch's view, the transaction was a favorable sign of the support of the state legislature and utility commission for timely recovery of costs of severe storms.

Future Power Supply

The Florida Public Service Commission (FPSC) in June 2007 rejected FP&L's plan to site a coal plant (pulverized coal) at a new Glades County site. Shortly thereafter, Governor Charlie Crist announced his administration's opposition to any new coal-fired plants, a major shift in state policy that will have wide-ranging implications for FP&L's future capital expenditures. FP&L is no longer pursuing the plan for the Glades County coal facilities and has since proposed to expand existing nuclear plants, build new nuclear plants and add natural gas-fired power plants to meet growth in demand.

Florida Housing Market

FP&L's service territory was one of the "overheated" housing markets in 2006–2007, and housing prices have declined in the area. Currently, there are reported vacancies of unsold housing units. These conditions in the real estate market could result in slower payments and/or higher delinquencies of accounts receivables, which would be made up in a subsequent tariff adjustment. The second half of 2007, and especially in the fourth quarter, gave evidence of a slower rate of growth in number of customers and lower growth rate in consumption per customer. While slower growth or no growth in sales puts more pressure on the utility's profit margins, it could also delay the utility's need to build new power plants and invest in the distribution network and new customer connections. Thus, slowing growth could have a neutral credit implication.

Utility Business

FP&L is a large, integrated electric utility with a service territory that spans most of the east and lower west coasts of Florida. The company served approximately 4.5 million electric customers at Sept. 30, 2007. FP&L does not provide gas distribution service. The company's electric load growth has exceeded the average for US utilities. Sales volume grew by 3.1% over the 10 years from 1996–2005, by 1.7% in 2006, and an estimated 2% in 2007. Growth in number of customers served and in consumption requires the utility to maintain an active construction program, both for distribution services and for power supply (discussed in greater detail on page 4.)

Regulatory Matters

The FPSC sets FP&L's tariffs and has regulatory authority over the company's operations. Florida has generally been among the more constructive utility regulatory regimes in the country. However, Fitch notes that there have been new commissioner appointments and some discontinuity in regulatory policy under a new administration headed by Governor Crist, whose term began in January 2007. Two out of five commissioners have served for two years or less, and two were appointed by the new governor in the past eight months.

FP&L tariffs are subject to a number of tariff adjustment mechanisms that allow for recovery of individual cost elements minimizing regulatory lag. Examples include:

- Generation Base Rate Adjustment Clause (GBRA)—Automatic rate adjustment when new generation authorized by FPSC is placed in operation.
- Conservation cost recovery rider—Recovers costs incurred for demand side management, but without any adjustment for volumes lost due to customer conservation.
- Nuclear Cost Recovery Rule—Allows recovery of "all prudently incurred" costs associated with siting, designing, licensing, constructing and operating new nuclear power plants.
- Cost Recovery Clauses—Allow recovery of substantially all fuel, purchased power, interchange expenses, capacity fees, environmental expenses, certain revenue taxes and franchise fees. The adjustments are determined annually, but FP&L can petition for an interim adjustment if under-recovered by more than 10%. This mechanism was used in 2005, as noted below.

In 2005–2006, FP&L financial results suffered due to extensive hurricane damage and a substantial increase in gas prices in the final quarter of 2005. A state law was passed to permit Florida utilities to securitize expenses associated with storm costs and to refill the storm reserve account. FP&L had to absorb a relatively small disallowance of storm costs that the FPSC deemed imprudent. In May 2007, a subsidiary of FP&L issued $652 million of storm recovery bonds. The net proceeds were used to reimburse FP&L for $519 million of expenses for storm recovery and to provide a storm and insurance reserve fund of $123 million. FP&L could absorb storm costs of up to $200 million (pre-tax) based on this reserve without any charge to earnings.

FP&L's ability to recover all of its fuel and purchase power costs after the very rapid rise in gas prices during 2005 illustrates the supportive character of the FPSC. FP&L had deferred for future recovery fuel costs of $770 million for the eight months ended Aug.31, 2005 and projected additional under-recoveries of $200 million for the balance of 2005. The utility filed an application seeking to boost its energy component to recover its fuel costs. The FPSC authorized a tariff increase to recover most of the 2005 deferred fuel costs in 2006 and the balance in early 2007.

On Aug. 24, 2005, the FPSC approved a negotiated rate settlement in FP&L's general rate case. The agreement will remain in effect until Dec. 31, 2009 and thereafter, until new rates are determined by the FPSC. Key elements included:

- No base rate increase—However, fuel and purchased power expenses and many related cost components are subject to annual adjustment, outside of base rates. Also, FP&L was authorized to continue collecting base rates that incorporated a component for nuclear decommissioning and storm damage funds, but to cease remitting those amounts to the decommissioning and storm damage funds, equivalent to approximately $78.5 million and $20.3 million annually.
- Continuation of revenue sharing—Customers will receive refunds if future sales growth exceeds a threshold based on an extrapolation of the rolling 10-year average growth in kilowatt-hour sales.
- Storm reserve—FP&L can recover prudently incurred storm restoration costs through securitization or surcharges. The ongoing accruals to the storm reserve were suspended.
- Depreciation credit—The agreement continues an annual depreciation credit of $125 million to adjust for excessive depreciation expense recognized in prior years. This boosts reported income but does not contribute to cash flow.
- Decommissioning accruals—FPL suspended contributions to its nuclear decommissioning fund for a minimum of four years to prevent overfunding.
- Generation base rate adjustment—For power plant projects that go through the Florida Power Plant Siting Act and are approved by the FPSC, an adjustment to base rates will be allowed, calculated on the revenue requirements of that project based on an 11.75% ROE and an equity ratio of 55.8%.
- Recovery for potential incremental costs—FP&L will be allowed to recover through a clause any costs associated with complying with a FPSC order regarding a regional transmission organization (RTO) if established.
- Return on Equity (ROE)—There is no determination of ROE under the agreement, but the ROE implied in the rate settlement was deemed to be equivalent to 11.75%. FP&L may petition the FPSC for a rate adjustment if its ROE drops below 10% during the course of the agreement.

Largely reflecting the tariff adjustments and recovery mechanisms described earlier in this section, Fitch expects the utility to maintain a fairly stable return on invested capital over the next several years.

Power Supply

For the full-year 2007, FP&L generated around 86% of the power it sold to customers, and purchased approximately 14% under a combination of long-term and short-term contracts. Nuclear and coal power plants comprised only 15% of the company's owned capacity, and FP&L generated 25% of the power it sold to customers from those sources. In 2007, 60% of the power FP&L sold to customers was generated by FP&L using natural gas or oil. Furthermore, 14% was purchased from other producers, and such purchases tend to be sensitive to gas and oil market prices. Clearly, the company has significant gas and oil commodity cost exposure, but the financial effect is generally offset by regulatory mechanisms that allow the company to adjust its fuel recovery tariff annually with true-ups for under-recovered or over-recovered amounts. To date, the company has been able to recover from customers under tariff recovery mechanisms the full cost of higher gas prices, but rapid cost increases can result in material under-recovery, as when gas prices rose dramatically late in 2005.

Given the location of the company's service territory at the extreme southern end of the Florida peninsula, there are limits on the ability to import power. Power plant development is subject to stringent wetlands regulations, FPSC certification of need and siting approval, and other environmental rules. Air conditioning drives substantial per capita consumption, and the company's service territory also has exhibited above-average population increases. Recent growth in demand has been met by additions of gas combined-cycle or peaking plants, resulting in mounting exposure to natural gas supply and commodity price issues.

FP&L Generating Capacity and Net Generation by Source

(As of Dec. 31, 2007)

	Operating Capacity (MW)	% Total Operating Capacity	Net Generation and Purchases (MWH)	% Total Generation and Purchases
Coal	896	3.6	6,855,860	6.0
Nuclear	2,939.0	11.7	21,899,288	19.2
Gas	9,562.0	38.1	59,300,494	51.9
Oil	8,738.0	34.8	9,678,012	8.5
Total Owned Capacity	**22,135.00**	**88.2**	**97,733,654**	**85.6**
Purchases	2,965.0	11.8	16,479,798	14.4
Total	**25,100.0**	**100.0**	**114,213,452**	**100.0**

Source: FPL Group, Inc.

The company sought regulatory approval to site a coal plant (pulverized coal) at a new Glades County site. In June 2007, the FPSC denied authorization, and Governor Crist announced his administration's opposition to any new coal-fired power construction, a major change in state policy. Subsequently, FP&L asked the FPSC to authorize investment to expand capacity at existing nuclear units at Turkey Point and St. Lucie by 400 megawatts (MW) in the intermediate term, and the FPSC granted a certificate of need. FP&L has asked for authorization to construct two new nuclear units (2,200 MW—3,000 MW) at Turkey Point for completion in around 2020. In December 2007, FP&L also issued a request for proposals on 1,250 MW of gas fired combined-cycle gas turbines (CCGT) by 2011–2012. FP&L has no alternative but to add gas-fired CCGTs or new power

Contracts and Commitments for Energy
($ Mil., As of Sept. 30, 2007)

	2008	2009	2010	2011	Thereafter
Capacity Payments					
JEA and Southern Subsidiaries	210	220	220	210	960
Qualifying Facilities	320	320	290	260	3,190
Other Electricity Suppliers	55	50	10	10	5
Minimum Payments, at Projected Prices					
Electricity	80	90	40	0	—
Natural Gas and Transport, Storage	1,355	450	260	260	2,155
Coal	35	20	10	10	—
Total FP&L	**2,055**	**1,150**	**830**	**750**	**6,310**

Source: 10-Q for the period ended Sept. 30, 2007.

purchases from other suppliers based on gas fuel in the interim to meet demand, and its exposure to gas prices will only increase for the foreseeable future.

Purchased Power

Committed contractual expenditures for purchased power are set out in the table "FP&L Contractual Commitments" above. The general approach Fitch uses in considering purchased-power obligations is to assess the risk associated with the purchased power obligation. To the extent that such power is economically justified (in quantity and relative to the prevailing market price) or is purchased by a rate-regulated utility with a strong regulatory mechanism to recover the costs from consumers, the presumption is that such contracts are not debt-equivalents. In the case of FP&L, this presumption is bolstered by the history of recovery of fuel costs under the FPSC policies and procedures. Fitch has not capitalized any portion of the power purchase agreements and treats their ongoing costs as an operating expense.

Capital Expenditures

FP&L finances its activities using a mix of internal cash flow, secured first mortgage bonds, tax-exempt pollution control revenue bonds, unsecured credit facilities and equity capital provided by its parent, FPL Group, Inc. FP&L maintains a relatively low rate of debt leverage, generally maintaining the authorized amount of equity capital as a component in the regulated capital structure compensated under the tariff settlement (currently around 56% equity as a percent of total capital.) FP&L has an active construction program relating to new customer additions (largely for distribution) and storm-hardening its transmission and distribution systems. Also, new generation is needed in Florida to support customer growth. The projected capital spending is indicated in the table below. Fitch anticipates capital expenditures will be funded using internally generated funds and debt issuance by the utility, plus infusions of equity from its parent, FPL Group.

FP& L Capital Expenditures
($ Mil.)

	2007	2008	2009	2010	2011	Total
New Generation	420	700	210	10	0	1,340
Existing Generation	630	600	485	565	425	2,705
Transmission and Distribution	885	985	1,105	1,055	1,080	5,110
Nuclear Fuel	105	130	140	170	110	655
General and Other	145	160	170	205	210	890
Total FP&L Capital Expenditures	**2,185**	**2,575**	**2,110**	**2,005**	**1,825**	**10,700**

Source: For 2007, 2006 10-K; all other years, forecasts from 10-Q for the period ended Sept. 30, 2007.

Liquidity and Debt Structure

FP&L's debt is comprised of secured senior mortgage debt backed by property, plants and equipment; the company's obligation for tax-exempt debt issued in the form of unsecured revenue bonds; and unsecured commercial paper or borrowings under committed credit facilities.

Early in 2007, management replaced and expanded the FP&L revolving credit facility ($2.5 billion currently) at the same time as it expanded the facility for FPL Group Capital ($4 billion currently). Both are five-year facilities with an option to renew for one year. The Available Liquidity table below provides more details on amounts available at FP&L.

Available Liquidity

($000s, As of Sept. 30, 2007)

Bank Revolving Lines of Credit	2,500
Less: Letters of Credit	43
Available	**2,457**
Revolving Loan Term Facility	250
Less: Borrowings	0
Available	**250**
Cash and Cash Equivalents	56
Total Available Liquidity	**2,763**

Source: 10-Q for the period ended Sept. 30, 2007.

FP&L covenants to maintain debt-to-capitalization (as defined) of less that 65%, a level well in excess of current or anticipated leverage. There are no other financial covenants in the company's credit facilities. Violation of any covenant or default on any issue of FPL Group Capital or FPL Energy would not result in a cross default or cross acceleration for any FP&L agreements or bonds, nor limit the right to draw unused amounts of the FP&L credit facility.

FP&L's debt maturities are $241 million in 2008, $263 million in 2009 and in the range of $42 million–$45 million in each of 2010 and 2011. These amounts are quite low relative to the size of the company and easily manageable, given the company's capital market access.

Financial Summary — Florida Power & Light Company
($ Mil., Years Ended Dec. 31)

	LTM 9/30/07	2006	2005	2004	2003	2002
Fundamental Ratios (x)						
Funds from Operations/Interest Expense	8.4	8.9	4.9	9.7	9.7	13.1
Cash Flow from Operations/Interest Expense	8.8	6.8	6.2	11.0	9.8	11.9
Debt/Funds from Operations	2.5	2.1	4.9	2.3	2.4	1.6
Operating EBIT/Interest Expense	5.1	5.2	5.7	6.8	7.5	8.0
Operating EBITDA/Interest Expense	7.9	8.5	10.4	11.5	12.6	13.0
Debt/Operating EBITDA	2.4	2.0	1.9	1.7	1.7	1.5
Common Dividend Payout (%)	132.1	0.0	21.5	80.5	96.4	157.2
Internal Cash/Capital Expenditures (%)	65.1	91.2	62.7	102.6	59.9	52.9
Capital Expenditures/Depreciation (%)	223.8	194.9	155.4	143.2	154.0	151.1
Profitability						
Revenues	11,690	11,988	9,528	8,734	8,293	7,378
Net Revenues	4,862	4,872	4,618	4,267	4,246	4,072
Operating and Maintenance Expense	1,424	1,374	1,307	1,228	1,250	1,225
Operating EBITDA	2,403	2,453	2,453	2,230	2,227	2,157
Depreciation and Amortization Expense	871	938	1,106	915	898	831
Operating EBIT	1,532	1,515	1,347	1,315	1,329	1,326
Gross Interest Expense	303	289	237	194	177	166
Net Income for Common	833	802	748	749	742	717
Operating Maintenance Expense % of Net Revenues	29.3	28.2	28.3	28.8	29.4	30.1
Operating EBIT % of Net Revenues	31.5	31.1	29.2	30.8	31.3	32.6
Cash Flow						
Cash Flow from Operations	2,368	1,668	1,238	1,948	1,557	1,806
Change in Working Capital	121	(615)	304	255	15	(210)
Funds from Operations	2247	2,283	934	1,693	1,542	2,016
Dividends	(1,100)	0	(161)	(604)	(728)	(1,142)
Capital Expenditures	(1,949)	(1,828)	(1,719)	(1,310)	(1,383)	(1,256)
Free Cash Flow	**(681)**	**(160)**	**(642)**	**34**	**(554)**	**(592)**
Net Other Investment Cash Flow	2	0	(2)	0	(156)	(77)
Net Change in Debt	914	273	755	97	368	318
Net Change in Equity	0	0	(25)	20	372	350
Capital Structure						
Short-Term Debt	810	630	1,159	492	630	722
Long-Term Debt	4,912	4,214	3,406	3,336	3,074	2,574
Total Debt	**5,722**	**4,844**	**4,565**	**3,828**	**3,704**	**3,296**
Preferred and Minority Equity	0	0	0	0	5	226
Common Equity	7,103	7,539	6,737	6,150	6,004	5,382
Total Capital	**12,825**	**12,383**	**11,302**	**9,978**	**9,713**	**8,904**
Total Debt/Total Capital (%)	44.6	39.1	40.4	38.4	38.1	37.0
Preferred and Minority Equity/Total Capital (%)	0.0	0.0	0.0	0.0	0.1	2.5
Common Equity/Total Capital (%)	55.4	60.9	59.6	61.6	61.8	60.4

Note: 1. Numbers may not add due to rounding. 2. Adjusted to deconsolidatec interest, principal payments, and revenues relating to utility tariff securitization bonds. 3. Hybrid capital instruments are allocated into debt and equity components. LTM – Latest 12 months. Operating EBIT -- Operating income plus total reported state and federal income tax expense. Operating EBITDA – Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense. Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, VA.

FitchRatings
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FITCH AFFIRMS FPL GROUP, FPL GROUP CAPITAL, AND FP&L RATINGS; OUTLOOK STABLE

Fitch Ratings-New York-14 December 2007: Fitch Ratings has affirmed the ratings of FPL Group, Inc. (FPL), FPL Group Capital, Inc (Group Capital) and Florida Power & Light Company (FP&L), affecting approximately $9 billion of debt. The Rating Outlook for all three entities is Stable. A complete list of ratings is set out below.

FPL's Issuer Default Rating (IDR) of 'A' is based upon its strong financial condition, ample liquidity, and the strong business positions of its subsidiary FP&L, the largest utility in Florida, and its indirect subsidiary, FPL Energy, a developer and operator of non-utility power facilities. FP&L provides the core or anchor of the consolidated group, and thus the IDRs for the two entities are closely associated. FPL Energy produces significant tax benefits that enhance the Group's consolidated FFO. Over the past several years, FPL has stepped up its investments in FPL Energy's business while maintaining a relatively high level of ongoing capital investment in FP&L. FPL Energy's net income is estimated at approximately 40% of consolidated adjusted 2007 net income, up from roughly 20% in 2004.

The ratings of FP&L reflect the integrated utility's strong financial profile, large and growing customer base, and historically constructive regulatory environment. The Florida Public Service Commission (FPSC) has consistently authorized recovery of fuel and purchased power costs as well as storm recovery costs for electric utilities in the state. This supports the utility's credit-worthiness, since FP&L will be increasingly exposed to natural gas commodity costs, and its service territory is a storm-prone coastal area. FP&L's base tariffs were set in 2005 under a rate settlement that is in effect through December 2009. The retail tariff adjusts annually to reflect projected fuel and purchased power costs and under- or over-collections from one year are trued up in the following year, while other riders adjust for new assets placed in service and costs of environmental compliance, certain taxes and franchise fees. Credit concerns include: uncertainty as to the future Florida regulatory environment, as a result of recent turnover in commissioners and gubernatorial administration; and potential political or regulatory backlash to rising customer bills.

Group Capital is an intermediate holding company which owns FPL's unregulated businesses and serves to raise financing for unregulated operations. There is no direct debt at the FPL parent entity. Group Capital's ratings are supported by the guarantee of all debt obligations by its parent, FPL. Subsidiary FPL Energy comprises the vast majority of Group Capital's business and financial results.

FPL Energy's competitive business is managed in a manner to reduce risks to the consolidated financial profile. The company's focus on a low-carbon emitting generating portfolio positions FPL to profit from state or federal carbon and renewable energy mandates. The company's contracting and hedging practices are designed to stabilize cash flow. In 2007, FPL Energy acquired the two-unit 1,023MW Point Beach nuclear facility from WE Energy, and in 2006 the company acquired 70% ownership interest (423 net MW) in the Duane Arnold plant in Iowa, and in both cases, the purchase was subject to a long-term, unit-contingent contract to sell power to the former owners. Growing investment in FPL Energy has been funded with a mix of non-recourse project debt secured by individual projects or by portfolios of wind or hydroelectric projects, combined with a large component of hybrid securities ($1.7 billion of deferrable junior subordinated debt issued in 2006-2007) to provide financial flexibility. Risks associated with increasing investment in wind generation are mitigated by FPL Energy's experience in site and equipment selection and by the size and scale of a portfolio of assets in diverse locations.

Given the high level of capital investment planned for both its utility and non-utility businesses, ratings are unlikely to improve from the current levels. Ratings could be unfavorably affected by: major debt-funded acquisitions or other increases in debt leverage; an unfavorable change in the Florida regulatory or political environment affecting FP&L; or a more speculative approach to the non-utility generation business.

FP&L is a vertically integrated, retail rate-regulated utility serving approximately 4.5 million customers in southern Florida. Group Capital is a holding company for all of FPL's non-regulated activities, the largest of which is its non-regulated electric generation business (FPL Energy). FPL Energy owns approximately 15,400 net MWs of generation of diverse fuel types and is the largest developer and owner of wind power in the U.S. Group Capital also owns a small telecommunications subsidiary (FPL FiberNet) which leases wholesale fiber-optic network capacity and dark fiber to FP&L and other customers.

Fitch affirms the following ratings with a Stable Outlook:

FPL Group, Inc.
--IDR at 'A'.

Florida Power & Light Company
--IDR at 'A';
--Short-term IDR at 'F1'.
--First mortgage bonds at 'AA-';
--Unsecured pollution control revenue bonds at 'A+';
--Commercial paper at 'F1'.

FPL Group Capital, Inc.
--IDR at 'A';
--Short-term IDR at 'F1'.
--Senior unsecured debentures at 'A';
--Jr. Subordinate hybrids at 'A-';
--Commercial paper at 'F1'.

FPL Group Capital Trust I
--Trust preferred stock 'A-'.

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