



**FPL Energy**

# **Macquarie Wind & Solar: Powering Change**

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**Senior Vice President, Development**

**December 10, 2008**

## Cautionary Statements And Risk Factors That May Affect Future Results

Any statements made herein about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include, for example, statements regarding anticipated future financial and operating performance and results, including estimates for growth. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix and in our Securities and Exchange Commission (SEC) filings.

# FPL Group is a premier U.S. power company

## FPL Group

- \$19.9 B market capitalization
- 38,243 MW in operation
- \$15.3 B operating revenue
- \$45.5 B in total assets

## Florida Power & Light

- One of the largest U.S. electric utilities
- Vertically integrated, retail rate-regulated
- 4.5 MM customer accounts
- 22,115 MW in operation
- \$11.6 B in operating revenues
- \$26.7 B in total assets

## FPL Energy

- Successful wholesale generator
- U.S. leader in renewable generation
- Assets in 25 states and Canada
- 16,128 MW in operation
- \$3.5 B in operating revenues
- \$16.5 B in total assets

**A growing, diversified and financially strong Company**

Market Capitalization as of November 28, 2008  
Operating Revenue for the year ended December 31, 2007

3 All other data as of September 30, 2008





## Today's presentation has a few goals:

- **To not be an infomercial**
- **Inform and educate those in attendance about the current status of the U.S. and global wind & solar industries**
- **Address two “premises” suggested by Macquarie**
- **Get to the Q&A segment quickly, because that is always more interesting**

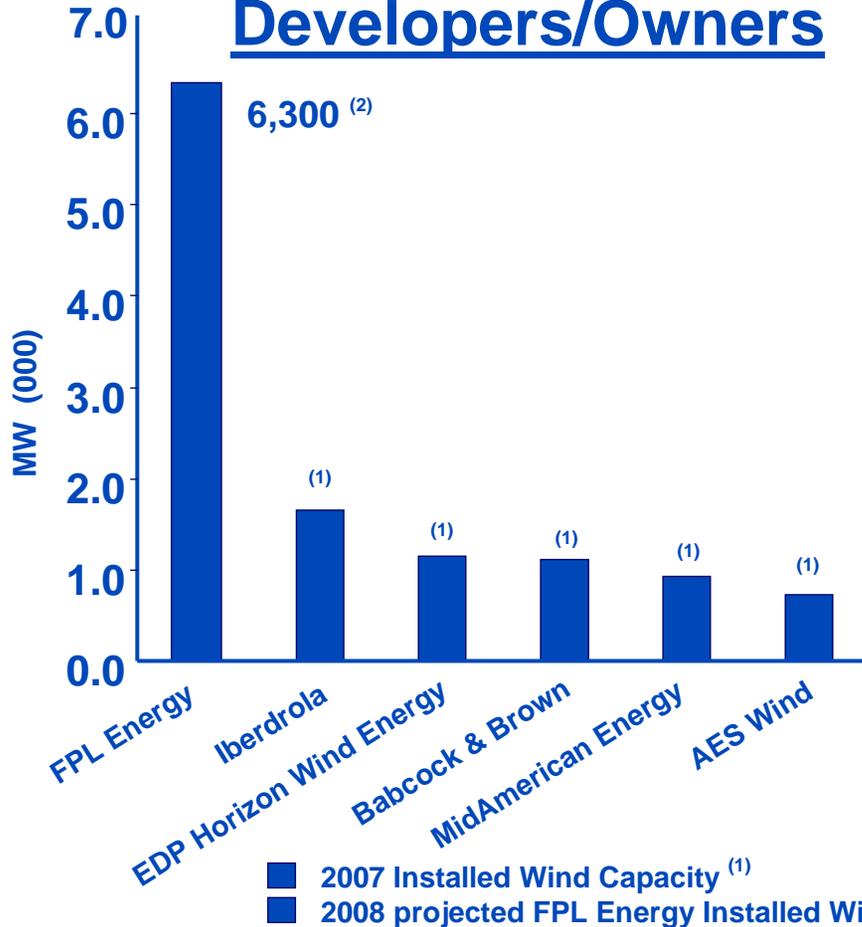
Due to the recent financial turmoil, we are learning that...



Some just ain't cut out for wind farmin'.

# FPL Energy is the U.S. leading wind energy producer

## Top U.S. Wind Developers/Owners



## Significant Growth Opportunities

- Strong market growth driven by State Renewable Portfolio Standards
- FPL Energy wind leadership
  - Will add approximately 1,300 MW in 2008 and 1,100 MW in 2009
- Superior financial returns

**Strong U.S. wind fundamentals continue to present a significant growth opportunity for FPL Energy**

<sup>(1)</sup> Source: Emerging Energy Research

# Wind is a global business

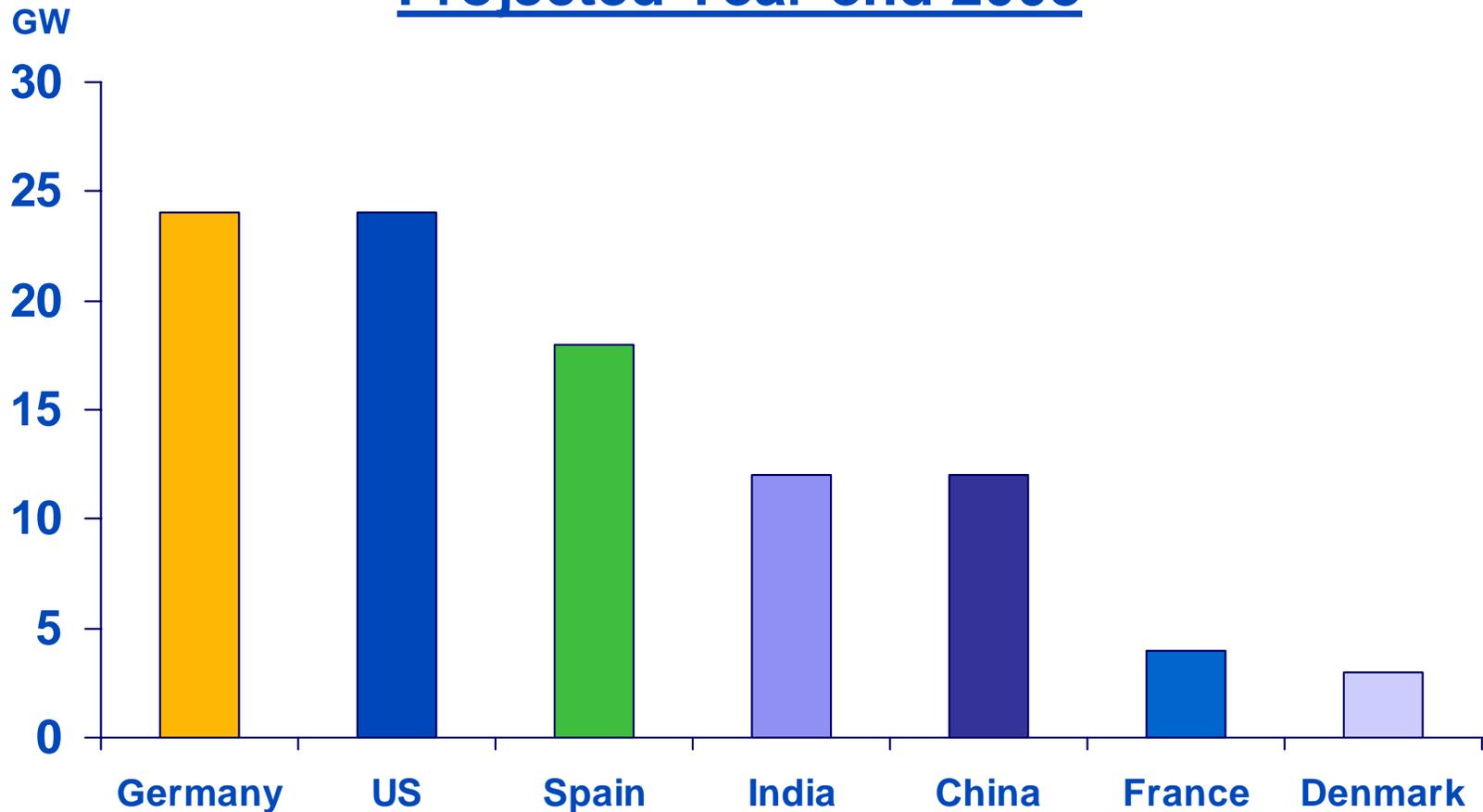
## U.S. and Global Markets Continue to Expand in 2008

- **Market growth has been broad**
  - 2008 Global market<sup>1</sup>
    - \$30 to \$40 billion likely to be invested in 2008
    - 105,000 MW installed (as of 9/30/08)
    - 20,000++ MW likely to be installed in 2008
  - 2008 U.S. market<sup>2</sup>
    - 4,200 MW built through 9/30/08
    - 21,017 MW installed (as of 9/30/08)
    - U.S. market to be about 24,000 MW at 12/31/08



# The U.S. market is expected to become the global leader by early 2009

## Global Installed Wind Capacity Projected Year-end 2008



**Year-end 2008 installed global capacity likely to be 112-118 GW**

# Wind's promise is now being realized

## U.S. Wind Growth

- **2008 likely a record year for U.S. wind development**
  - Most forecasts call for 7,000 - 8,000 MW of new build
  - Represents \$15 billion of new investment
- **Many challenges and opportunities exist**
  - PTCs, financing and transmission
- **2009 U.S. wind market:**
  - Likely to be reduced due to financial turmoil
  - Tax equity investors have pulled back
- **Wind investment economics remain competitive against other conventional energy technologies**

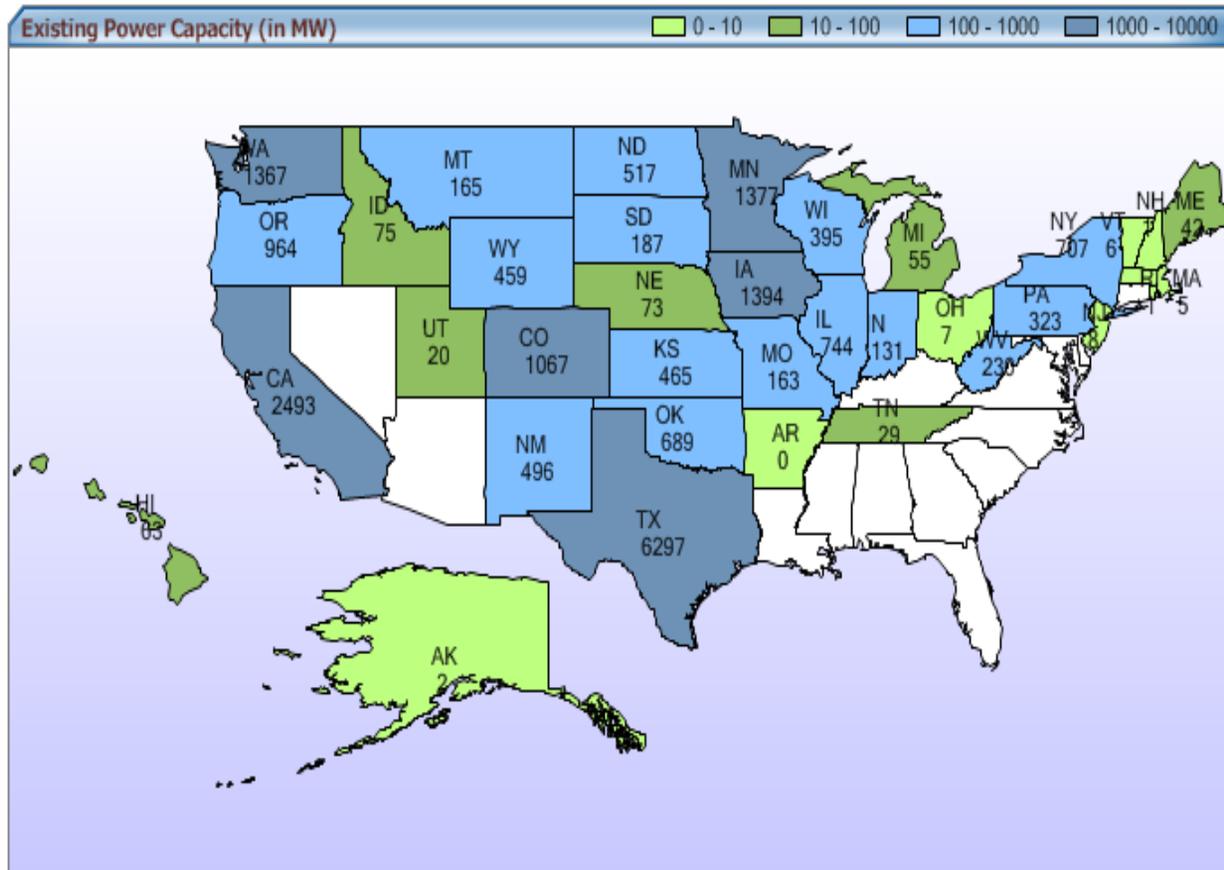
# **The U.S. market will experience significant growth in 2008, even accounting for recent turmoil**

## **U.S. Wind Growth (continued)**

- **U.S. wind production still only 1.5 to 2% of U.S. electricity supply**
  - European Union average about 4%; Germany - 7% and Spain - 11%
  - Iowa has highest U.S. penetration, >10%
- **U.S. will pass Germany for global leadership in early 2009 (MW of capacity)**
  - Passed Germany on a MWh produced basis in 2007
- **Remains the most competitive renewable energy choice in the U.S. marketplace**
- **Momentum building for new large transmission investment**
  - CREZ \$5 billion in Texas
- **Political and public support remains positive**

**U.S. installed capacity was 21,017 MW on September 30, 2008**

## **U.S. Installed Wind Capacity (September 2008)**



**Total capacity to be about 24 GW by December 2008**

# The current financial & credit market may create opportunities for FPL Energy

## Potential Opportunities

- Financial market & credit crisis is making it difficult for non-investment grade renewable companies to finance their businesses (solar & wind)
- Players and projects impacted include:
  - Privately held start-ups who were dependent upon tax-equity
  - Mid-sized development companies who have neither tax appetite, or ability to self-finance large equipment orders
  - Recent foreign-based sponsors
  - Single project only companies who lack development capital

**We are also in the transmission business to facilitate our (solar and wind) renewable strategy**

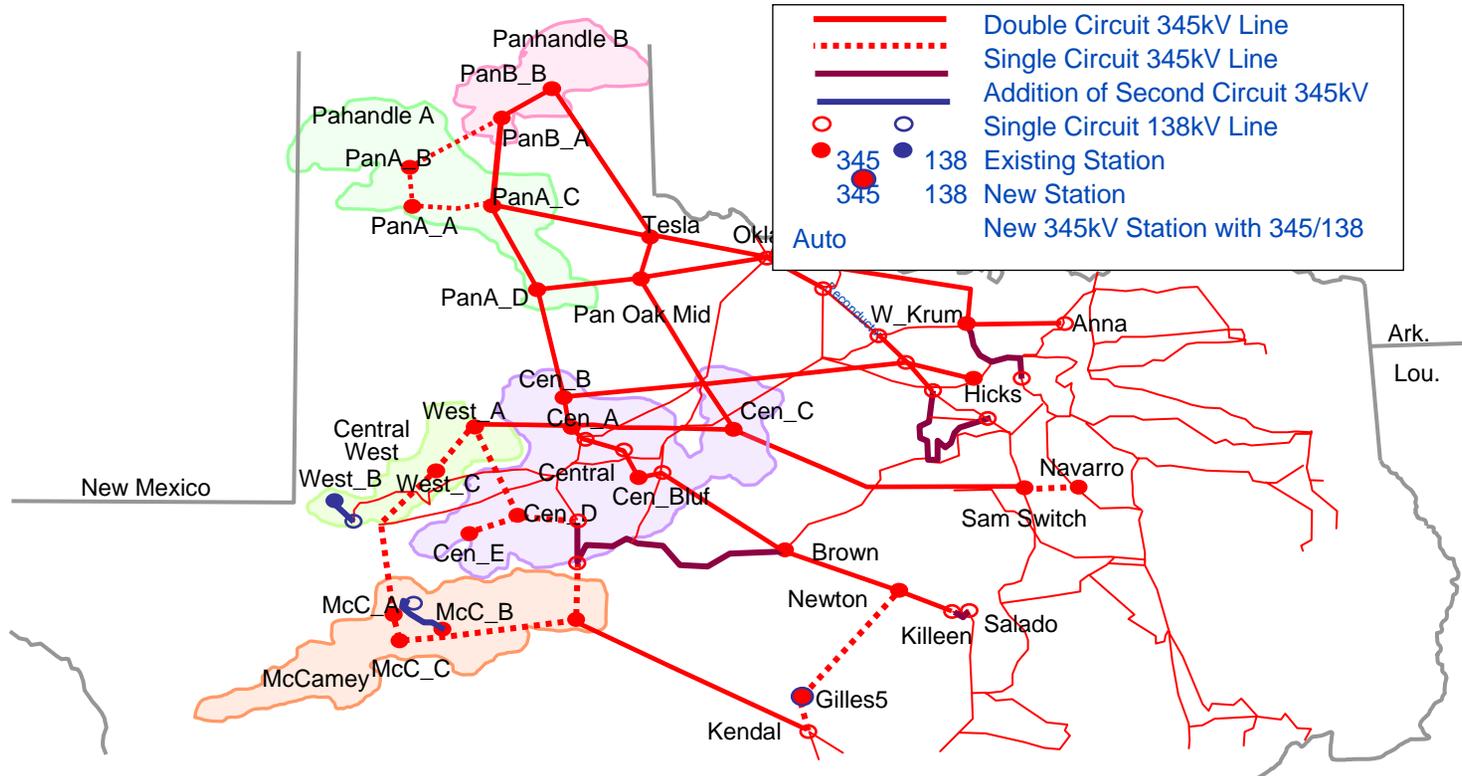
## **Transmission Development**

- **Solid development pipeline of opportunities**
  - Focused in MISO, ERCOT, Northeast U.S.
  - Established a focused team of transmission professionals in 2006



**On July 17, 2008 Texas PUCT approved Scenario 2, which will facilitate approximately 12,000 MW of new wind build. Public hearings were held in Austin, TX, Dec 1 – 5.**

## Approved Transmission Build-out



**~2,300 miles of new 345kV circuit lines will result in \$5 billion of new investment not counting gathering system**

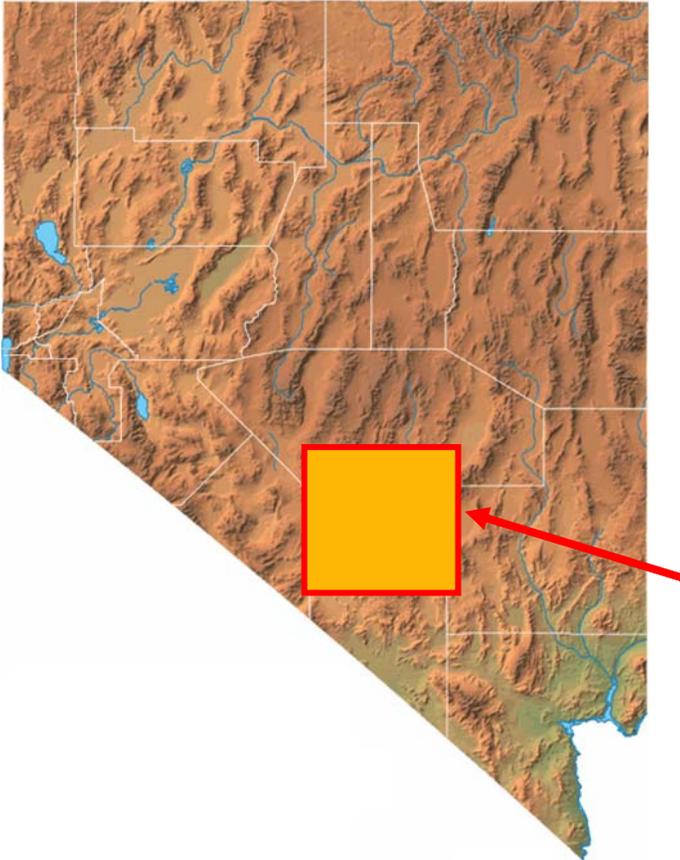
# **We recently reduced our capital expenditure budget to preserve our flexibility**

## **Summary of Cap Ex Reductions**

- **On October 27, 2008 we announced plans to reduce our 2009 cap ex by approximately \$1.7 billion from \$7.0 billion**
  - FPL Energy: \$1.3 billion reduction
    - Includes \$1.0 billion in lower wind
  - Florida Power & Light: \$400 million reduction
    - Eliminates capital for system growth that is no longer expected
    - No revisions to generation cap ex
- **Deferred projects at FPL Energy still make sense to be built at a later date**
- **Our capital spending plans are flexible and can be increased or decreased quickly and effectively**
- **Financial strength and discipline preserves flexibility to capitalize on market opportunities**

# Energy from the sun is unlimited, if constraints did not exist

## Theoretical Supply Potential

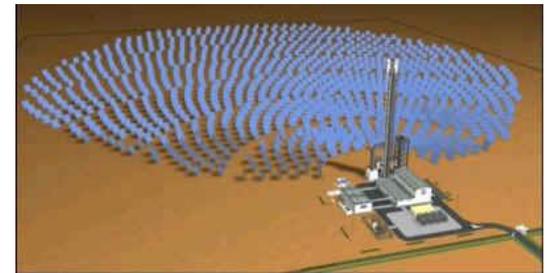


- US Summer Peak demand ~ 800,000MW
- 100MW of Concentrating Solar Power (CSP) requires ~1 sq mile in the southwestern U.S.
- 8,000 square miles of CSP would meet entire U.S. electric peak demand

# FPL Energy has several solar technologies in which to invest

## Solar Technologies

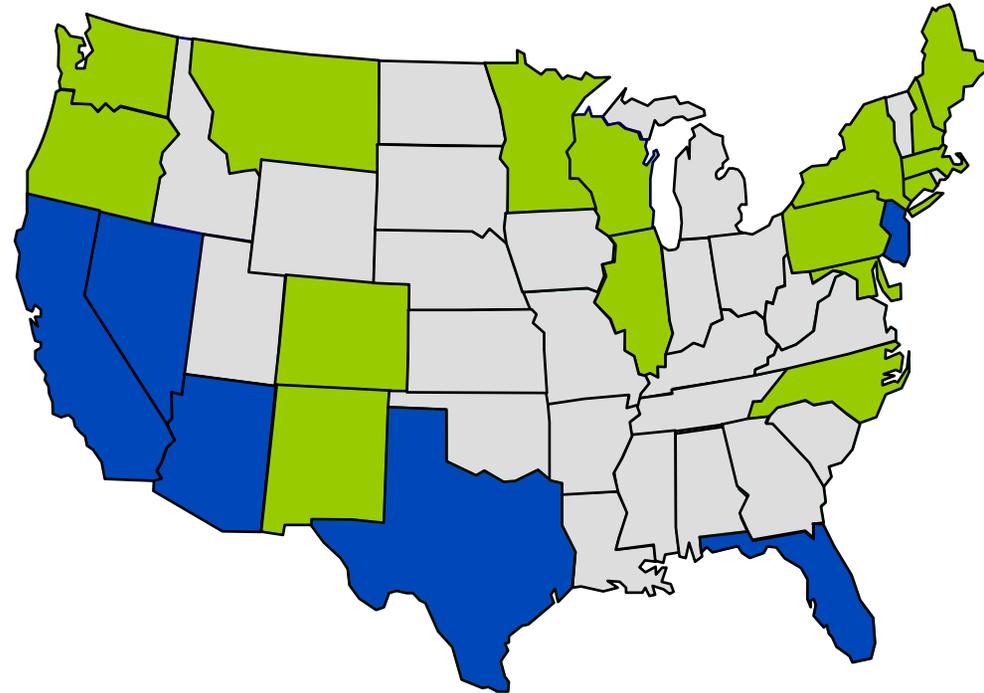
- **Parabolic Trough – (mirrors concentrate sunlight on a tube filled with heat transfer fluid)**
  - Commercially established utility scale technology
  - Proven and financeable
  - Existing and growing supply chain
- **Photovoltaic (uses solar cells combined to modules to generate electricity)**
  - Mostly distributed generation (1 – 20 MW)
  - Costs have declined
  - Continue to evaluate/monitor market for utility scale application (50 MW – 200 MW)



# State Renewable Portfolio Standards (RPS) continue to grow

## Key State Solar RPS Goals

- **29 states have RPS, including the ones with voluntary standards**
  - 6 have specific solar mandates
- **California:** 1 million solar roofs program – 3,000 MW of solar by 2017
- **Nevada:** 5% of the 20% RPS from solar by 2015 (~50 MW)
- **Arizona:** 4.5% solar by 2025 in the form of distributed photovoltaic generation (~350 MW)
- **New Jersey:** 2.1% photovoltaic (2,300 MW) by 2021



- Specific Solar RPS Requirements
- States with other RPS Standards

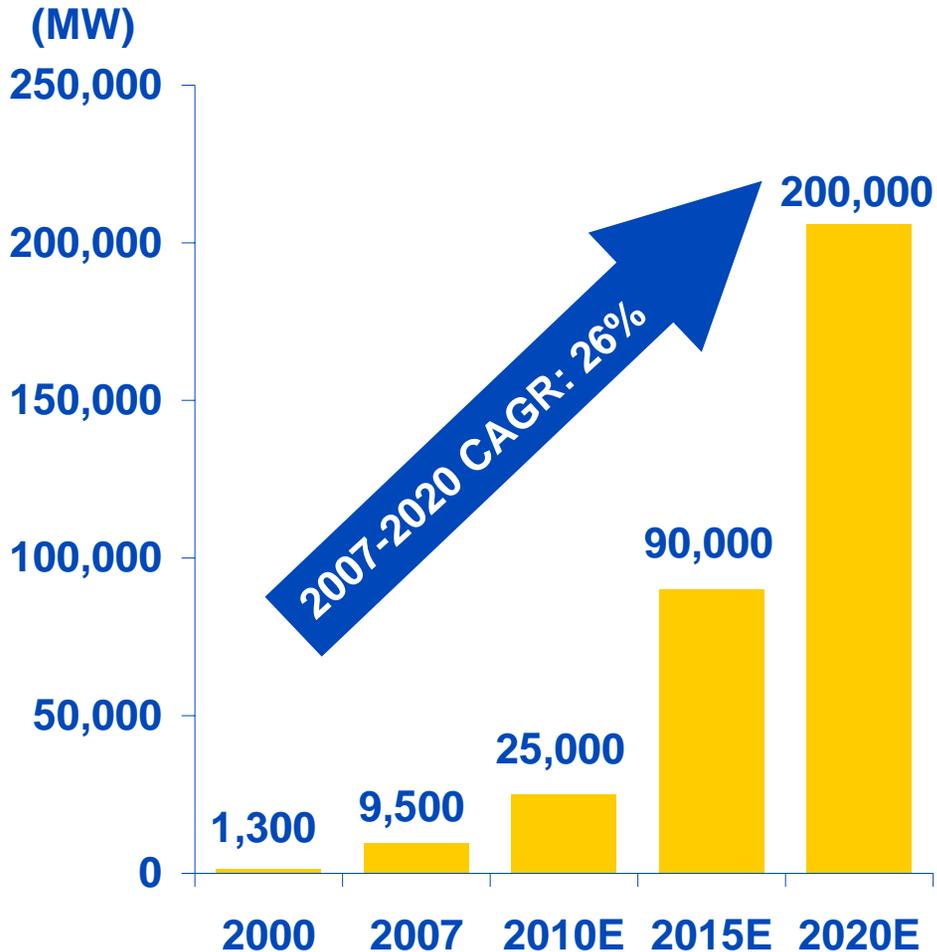
- **Florida:** Legislation in 2008 for 110 MW of solar energy
- **Texas:** 500 MW by 2015

**Global installed solar capacity is expected to grow at a compound annual growth rate of approximately 26% per year, representing a very large potential market opportunity**

## Global Solar Market

### Cumulative Installed Capacity

### Growth Factors



- **Historical growth driven by:**
  - European and California subsidies
- **Growth acceleration due to:**
  - Continued policy support in Europe and California
  - Growing public policy support in U.S. driven by concerns around CO<sub>2</sub> and dramatic increase in fossil fuel costs
  - Solar technology cost improvements

# **FPL Energy is well positioned to be a leader in solar development**

## **FPL Energy's Solar Development Activity**

- **Robust development pipeline of both trough and photovoltaic projects**
  - Current development of 800 – 1,000 MW of projects
  - Project Beacon (250 MW)
    - Announced in 2008
    - Full permitting underway
- **Targeting land sites throughout the southwest U.S.**
  - Well over 100,000 acres of Bureau of Land Management land
  - In addition, acquired or negotiating private land to support 800 – 1,000 MW of solar projects

**Macquarie Securities asks: "With weak power prices and rising cost of new build for wind farms, FPL Energy's organic wind power growth makes little sense and the company should instead start picking up distressed wind power projects"**

## **Rebuttal to Premise**

- **Presumes sellers have to sell**
- **A blend of doing both (greenfield & acquisitions) has always been our approach**
- **If acquisition IRRs/ROEs exceed new build choices, we certainly will be biased to do such (acquisitions)**
- **10-year NYMEX gas strip nominally where it was a year ago; power prices in many regions still support new build**
- **New build still makes sense in PPA markets where IRRs/ROEs meet or exceed even a higher cost of capital threshold**
- **Organic value creation still makes shareholder sense**
  - We never bought “pipelines” in the past, nor overpaid for such
  - Those who did, have a lot of explaining to do

**Macquarie Securities asks: "In the environment of weak natural gas prices and slowing economy, state regulators will be reluctant to penalize electric utilities for non-compliance with state renewable portfolio standards. As a result FPL Energy's wind-related growth will have to slow down"**

## **Rebuttal to Premise**

- **10-year NYMEX natural gas strip remains where it was a year ago**
  - Wind is a 15 – 25 year investment return, not a spot price decision
- **PTCs and MACRS still account for about 50% of cash return**
- **Climate change impacts can only help create upside potential**
- **Wind market has ranged from 1,600 MW to almost 8,000 MW per year in each of the last 8 years (except 2004)**
  - FPL Energy has consistently built 500 – 1,000 MW or more in each of those years (except 2004)
- **Wind can make economic sense even in non-RPS incentivized markets**

Who said that you can't teach an old dog new tricks...



# Questions?



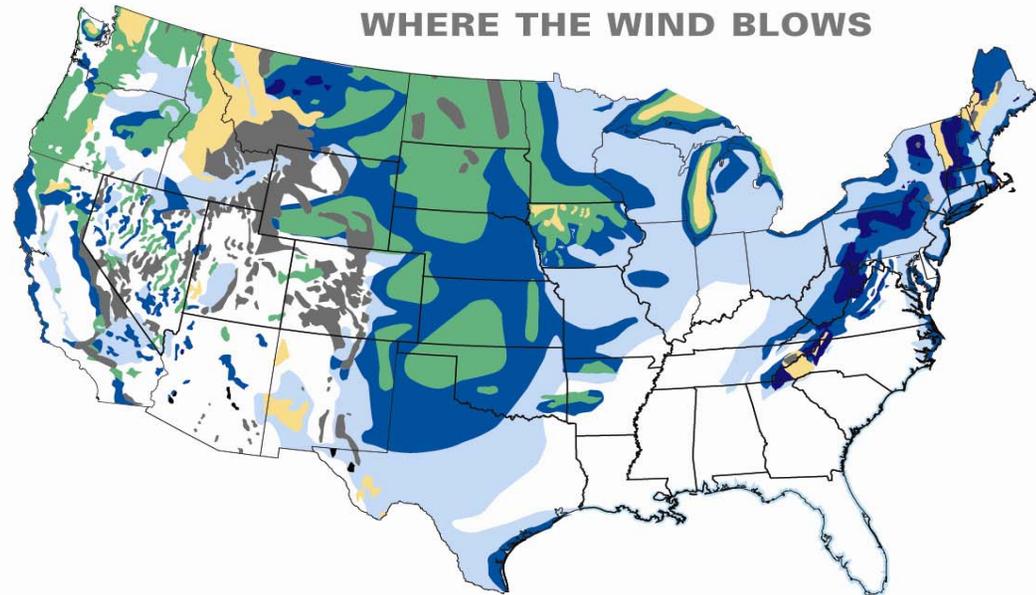
# Appendix

## “Wind 101” Economics

- **Production Tax Credit available for every kWh produced;**
  - 2.1¢ in 2009, escalating with inflation, for first 10 years of operation
  - Tax credit available for new projects that achieve COD by 12/31/09
- **MACRS depreciation over 5 years**
- **PPA market in U.S. typically 10-25 years, 5-8 ¢/kWh**
- **All-in construction costs in 2008 will likely range from \$2,000 - \$2,200/KW, depending upon size of project, region, interconnection requirements**
- **Typical production and O&M costs: less than 1.0¢/kWh**
- **Typical wind project size: 50-200 MW**
- **Typical capacity factor: 35-45%**

# US wind resource map

WHERE THE WIND BLOWS



**WIND  
POWER  
CLASS**

**AVERAGE  
WIND SPEED RANGE  
(MILES PER HOUR)**

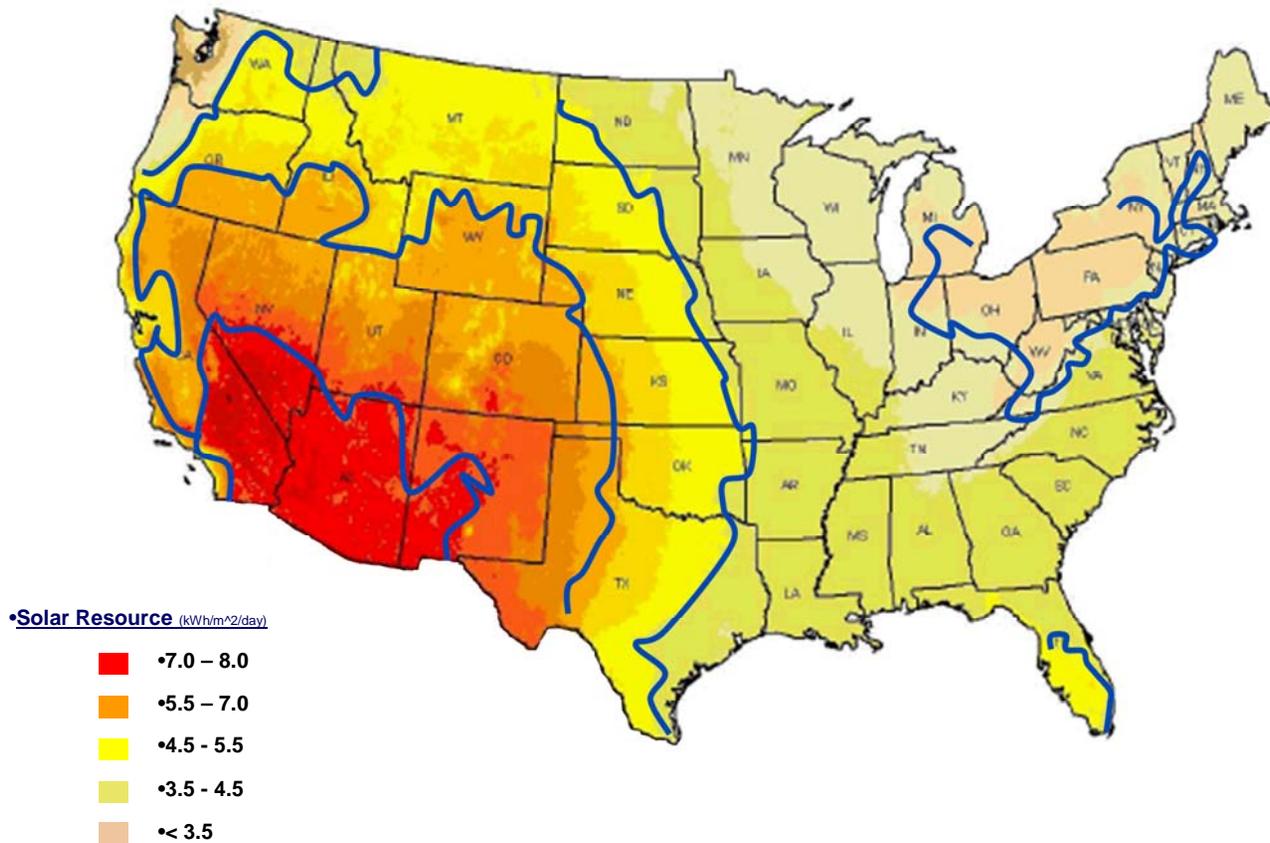
	21.1 - 26.5
	15.7 - 19.7
	14.3 - 17.9
	13.4 - 16.8
	12.5 - 15.7
	11.5 - 14.3
	<12.5

**Wind  
Energy  
Producing  
Regions**

Source: Adapted from a map developed by  
Pacific Northwest National Laboratory

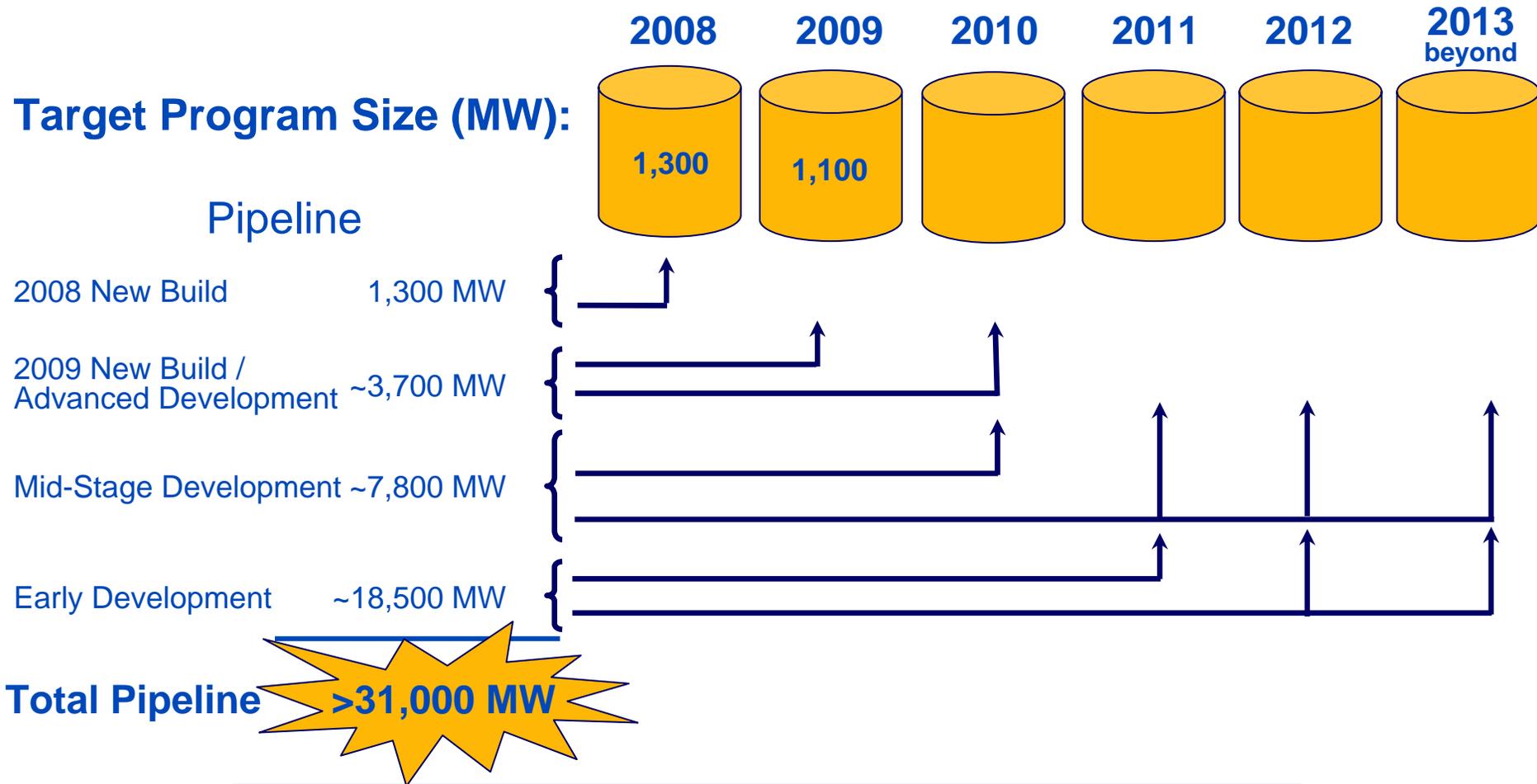
# US solar resource map

## Map of Solar Resource



In the last decade, FPL Energy has grown to become the U.S.'s largest wind provider

## FPL Energy: Wind Development Pipeline



**We are collecting wind data from owned met towers which support ~19,000MW of our wind pipeline**



# Several key assumptions support our five year financial outlook

## Key Assumptions

- Continued strong commodity markets
- Continued public policy support for renewables development
- Selective transmission expansion to support renewables
- Continued wind supply chain expansion
- Continued expansion of FPL Energy non-wind activities
- Access to capital / financing
- No acquisitions
- Continued constructive regulatory framework in Florida

Note: This is not intended to be a full list of factors which could cause FPL Group's future results to differ from current expectations. For a full discussion of risk factors please consult FPL Group's SEC filings and the cautionary statements attached to this presentation.

# Cautionary Statements And Risk Factors That May Affect Future Results

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby providing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this presentation, on their respective websites, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, aim, believe, could, estimated, may, plan, potential, projection, target, outlook, predict, intend) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

*FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including, but not limited to, initiatives regarding deregulation and restructuring of the energy industry and environmental matters, including, but not limited to, matters related to the effects of climate change. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.*

- FPL Group and FPL are subject to complex laws and regulations, and to changes in laws or regulations, including, but not limited to, the Public Utility Regulatory Policies Act of 1978, as amended, the Public Utility Holding Company Act of 2005, the Federal Power Act, the Atomic Energy Act of 1954, as amended, the Energy Policy Act of 2005 (2005 Energy Act) and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including, but not limited to, those of the Federal Energy Regulatory Commission, the Florida Public Service Commission (FPSC) and the legislatures and utility commissions of other states in which FPL Group has operations, and the Nuclear Regulatory Commission, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of plant facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including, but not limited to, retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.
- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations, as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, climate change, waste management, marine and wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.
- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including, but not limited to, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable energy sources. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.
- FPL Group's and FPL's results of operations could be affected by FPL's ability to renegotiate franchise agreements with municipalities and counties in Florida.

(continued...)

# Cautionary Statements And Risk Factors That May Affect Future Results (continued)

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

- The operation and maintenance of transmission, distribution and power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL Group's and FPL's generation fleets and transmission and distribution systems unless and until such defects are remediated, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including, but not limited to, natural disasters such as hurricanes and droughts), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including, but not limited to, the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel and the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an operating facility of FPL Energy, LLC (FPL Energy) may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

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

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities within established budgets is contingent upon many variables, including, but not limited to, transmission interconnection issues and escalating costs for materials, labor and environmental compliance, and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

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

- FPL Group and FPL use derivative instruments, such as swaps, options and forwards to manage their commodity and financial market risks. FPL Group provides full energy and capacity requirements services primarily to distribution utilities and engages in energy trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these derivative instruments, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments. In addition, FPL's use of such instruments could be subject to prudence challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

*FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, including, but not limited to, the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, the price and supply of fuel, transmission constraints, competition from other generators, including those utilizing 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.*

(...continued...)

# Cautionary Statements And Risk Factors That May Affect Future Results (continued)

- There are other risks associated with FPL Group's competitive energy business. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include, but are not limited to, the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel (including transportation), transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair FPL Group's future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

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

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry, in general, as well as the passage of the 2005 Energy Act. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

*Adverse capital and credit market conditions may adversely affect FPL Group's and FPL's ability to meet liquidity needs, access capital and operate and grow their businesses, and 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, as well as exert downward pressure on stock prices.*

- Having access to the credit and capital markets, at a reasonable cost, is necessary for FPL Group and FPL to fund their operations, including their capital requirements. Those markets provide FPL Group and FPL 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 also increase FPL Group's and FPL's cost of capital. If FPL Group and FPL 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 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 Inc's (FPL Group Capital) 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 would likely increase interest costs.*

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

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

- FPL Group and FPL rely on contracts with vendors for the supply of materials, fuel and other goods and services required for the construction and operation of their facilities, as well as for business operations. If vendors fail to fulfill their 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 to their operations.

*(...continued...)*



# Cautionary Statements And Risk Factors That May Affect Future Results (continued)

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

- FPL Group's and FPL's results of operations are affected by the growth in customer accounts in FPL's service area and customer usage. Customer growth can be affected by population growth. Customer growth and customer usage can be affected by economic factors in Florida, including, but not limited to, 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 Group's and 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 Group's and FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities, including, but not limited to, wind, solar and hydro-powered facilities. FPL Group's and FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. At FPL, recovery of these costs is subject to FPSC approval.

*FPL Group and FPL are subject to costs and other 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 and corporate governance requirements.*

- FPL Group and FPL are subject to costs and other 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 and corporate governance requirements.

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

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

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

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

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

- FPL Group and FPL are subject to employee workforce factors, including, but not limited to, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs, collective bargaining agreements with union employees and work stoppage that could adversely affect the businesses and financial condition of FPL Group and FPL.

The risks described herein are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial, also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.



**FPL Energy**