



Lewis Hay, III  
Chairman and  
Chief Executive Officer

## FPL Group: Energy Solutions for the Next Era

FPL Group is a leading clean energy company with 2008 revenues of more than \$16 billion, approximately 39,000 megawatts of generating capacity, and more than 15,000 employees in 27 states and Canada.

Headquartered in Juno Beach, Fla., FPL Group's principal subsidiaries are NextEra Energy Resources, LLC, the largest generator in North America of renewable energy from the wind and sun, and Florida Power & Light Company, which serves 4.5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the country. Through its subsidiaries, FPL Group collectively operates the third largest U.S. nuclear power generation fleet.

# Tomorrow's Energy Company, Today

## To Our Shareholders:

Imagine what the energy company of tomorrow will look like: It will be heavily invested in renewable sources of electricity, it will have a low emissions profile to succeed in a carbon-constrained world, and it will be financially strong to withstand disruptions to the economy.

In short, the energy company of tomorrow will look surprisingly like FPL Group today.

As North America's No. 1 producer of energy from the wind and the sun, FPL Group has a market position that is the envy of the industry. With a greenhouse gas emissions rate among the lowest of any large power company, we are remarkably well positioned for a future where carbon carries a price. And with our strong balance sheet and commitment to financial discipline, FPL Group has been able to attract capital at reasonable rates even in the midst of a financial crisis.

As proud as we are to be leading our industry into the future, we are equally proud of the performance we've delivered to date. We continued that strong performance in 2008, delivering record adjusted earnings per share of \$3.84<sup>1</sup>.

Adjusted earnings per share grew by 10 percent in 2008, the third consecutive year of double-digit growth<sup>1</sup>. FPL Group's adjusted return on equity (ROE) was 13.8 percent<sup>2</sup>, tied for the highest in 20 years.

Our successful strategy has generated outstanding value for shareholders over the longer term as well. Since 2002, FPL Group has outperformed 84 percent of the companies in the S&P Utility

Index and 85 percent of the companies in the S&P 500 Index as measured by total shareholder return. Our total shareholder return during this period was 127 percent, compared with 32 percent for the S&P Utility Index and -10 percent for the S&P 500 Index.

The same trend holds across the three-year, five-year and 10-year periods. FPL Group has delivered total shareholder returns of 33 percent, 81 percent and 135 percent respectively, easily outpacing the S&P Utility Index (3 percent, 49 percent and 31 percent) and the S&P 500 (-23 percent, -10 percent and -13 percent).

We are also particularly proud of our ability to weather the financial crisis. FPL Group's financial discipline, attractive projects and strong balance sheet meant that capital remained available at reasonable costs throughout 2008. Indeed, in the midst of a very difficult credit and economic environment, we were able to raise approximately \$1.3 billion of capital on reasonable terms in the fourth quarter of 2008 alone.

There's little doubt that 2008 will go down in history as one of the most tumultuous and difficult years in the past century for economies and credit markets the world over, including the U.S. and Florida economies. FPL Group has not been immune to these shocks, but our ability to generate double-digit earnings growth in a highly challenging year is a powerful endorsement of our long-term strategy, our commitment to financial discipline, and our dedicated and talented employees.

<sup>1</sup> Adjusted earnings exclude the mark-to-market effect of non-qualifying hedges and other than temporary impairment losses on certain investments. See pages AR-2 and AR-9 for reconciliations of adjusted amounts to GAAP.

<sup>2</sup> See page AR-9 for reconciliation of adjusted ROE to GAAP.

# NextEra Energy Resources —

## A Growing Industry Leader

On Jan. 7, 2009, we announced that FPL Energy, LLC, the nation's leading renewable energy provider, was being renamed NextEra Energy Resources, LLC, to better reflect the company's clean energy mission and market focus. With operations in 26 states and Canada, our competitive energy business had another outstanding year on a variety of measures.

Net income on a GAAP basis was \$915 million in 2008, or a contribution of \$2.27 per share, compared to \$540 million in 2007, or \$1.35 per share. Adjusted net income in 2008 reached a record \$821 million, a 30 percent increase over 2007<sup>1</sup>. Adjusted earnings per share were \$2.04, compared with \$1.57 in 2007<sup>1</sup>.

Wind energy is a growing business the world over, and NextEra Energy Resources is the No. 1 producer in North America and No. 2 globally. In 2008, 35 percent of all capacity added to U.S. power generation fleets came from wind farms, and for the seventh time in the last eight years, we led the United States in megawatts added. Our 1,300 new megawatts, which included our first Canadian wind acquisition, were the most wind megawatts we've ever added in a single year. We now have nearly 6,400 wind megawatts in operation and more than \$8 billion invested in this business.

In addition to building renewable generation, we're in the business of developing transmission to carry that power from remote locations to the population centers that will use it. Recently, the Public Utility

Commission of Texas awarded us \$565 million of transmission construction under the state's Competitive Renewable Energy Zones (CREZ) program.

NextEra Energy Resources also has one of the largest competitive nuclear energy businesses in the United States. In 2008, our Duane Arnold facility in Iowa celebrated its 667th day of consecutive operations, a new record for this plant, and we also submitted an application to the Nuclear Regulatory Commission to extend the facility's operating license for an additional 20 years. At our Seabrook Station nuclear plant in New Hampshire, we installed dry cask storage for our used nuclear fuel, meeting an important operating need in a responsible way.

Looking ahead, NextEra Energy Resources has a strong pipeline of attractive renewable energy projects. Our wind project pipeline is more than 30,000 megawatts while our solar development pipeline is approximately 1,000 megawatts. Even though in late 2008 we reduced planned capital spending for 2009 by \$1.3 billion in response to economic and financial market conditions, we still expect to add approximately 1,100 megawatts of new wind projects in 2009. We remain flexible, however, and believe we can ramp up or ramp down quickly as market conditions warrant.

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<sup>1</sup> See page AR-9 for NextEra Energy Resources' reconciliation of adjusted amounts to GAAP.

# Florida Power & Light Company —

## Providing Clean, Reliable Energy

At Florida Power & Light Company (FPL), one of the largest and top-performing rate-regulated utilities in the nation, net income was \$789 million or a contribution of \$1.96 per share in 2008, compared to \$836 million and \$2.09 in 2007.

It was a very challenging year due to the economic downturn, which impacted Florida more harshly than most other states. Customer growth at FPL was essentially flat for the year, and the percentage of FPL meters that were inactive or using only minimal amounts of electricity reached historically high levels.

At the same time, we made tremendous progress in 2008 implementing our long-term generation strategy to provide our customers affordable, reliable energy solutions that are cleaner and more efficient. We broke ground at the first of three planned utility-scale solar generation facilities in Florida. We received approval from the Florida Public Service Commission (PSC) to build a third combined cycle generating unit at our West County Energy Center and to modernize our Cape Canaveral and Riviera power plants. These investments will increase the efficiency of our generation fleet and provide savings to our customers. We also moved forward with nuclear “uprates” at our St. Lucie and Turkey Point nuclear power plants, which will add 400 megawatts of emissions-free power.

While we are mindful of the difficult economy, we are also responsible for making prudent, long-lead time investments in our electrical infrastructure. On March 18, 2009, FPL filed a rate proposal with the PSC that would support investment in improving fuel efficiency, generating cleaner energy and enhancing system reliability while keeping customer bills low. FPL is investing to make its infrastructure stronger, smarter, cleaner, more efficient and less reliant on any single source of fuel. These investments help to reduce the impact of volatile fuel prices, which in turn helps to keep customers’ total bills lower over the longer term as well. As a result of the company’s emphasis on operating efficiently, FPL’s retail base rates are 17 percent lower now than in 1985, despite inflation of 99 percent for the same period.

The Florida economic downturn is unprecedented; in time, however, we believe Florida will resume its role as a growth state, just as it has after previous economic downturns. Over the next two decades, some 74 million baby boomers are expected to retire. With great sunshine, beaches, golf and an economy that continues to diversify, Florida is poised for long-term growth, and FPL will be prepared to meet that growth.

It was a challenging year for Florida Power & Light Company due to the economic downturn. At the same time, we made tremendous progress in implementing our long-term generation strategy to provide our customers affordable, reliable energy solutions that are cleaner and more efficient.

FPL Group is well positioned for the long term. We will continue our emphasis on financial strength, financial discipline and operational excellence. Our strategy is aligned with key trends driving our industry. And our business is underpinned by excellent fundamentals.

## From Strength to Strength

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Over the longer term, we believe FPL Group's prospects are extremely bright. In the wake of the last election, a fundamental policy shift has taken place in the United States – one that will create strong incentives for low-carbon generation, especially renewables, and equally strong disincentives for high-carbon fuels. For example, President Obama and Congress have already enacted an economic stimulus package that provides for more renewable energy, new investments in transmission infrastructure, and an enhanced smart grid. President Obama and congressional leaders have also expressed their strong support for pricing carbon dioxide through a federal cap-and-trade program and for a federal renewable portfolio standard.

We believe that few energy companies in the United States are better positioned for a carbon-constrained world than FPL Group. Our investments in clean and renewable energy and our leading position in wind and solar generation development, combined with our low overall emissions profile, mean we can capture the upside potential of a meaningful price on carbon while effectively managing the downside risk.

## Awards and Recognition

Not a day goes by that I don't witness or learn of extraordinary efforts by the people of FPL Group to serve our customers with excellence and to work better and smarter. It is even more gratifying when those efforts are recognized by the outside world. Here are some of the highlights:

- For the third year in a row, FPL Group was ranked No. 1 among electric and gas companies in *Fortune* magazine's Most Admired Companies listing. We were ranked No. 1 each year on these attributes of the survey: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness and quality of products/services.
- We were named one of the World's Most Ethical Companies by *Ethisphere* magazine, a ranking we received in 2007 as well.
- In 2008 and again in 2009, FPL Group was selected one of the "Global 100" most sustainable large corporations in the world by Corporate Knights and Innovest. The 2009 announcement, made at the Davos World Economic Forum in Switzerland, marks the fifth straight year our company was included on this list.
- Because we work very hard to contribute to the well being of the communities in which we operate, we were gratified to learn that *CRO* (Corporate Responsibility

Officer) magazine and *IW Financial* named us one of the “100 Best Corporate Citizens” in the United States.

- We applaud Florida Gov. Charlie Crist’s leadership in addressing the climate change challenge, and we were especially delighted to receive The Florida Governor’s “Green to Gold” Award in its inaugural year. Presented by Enterprise Florida, this honor is given to companies or organizations focused on developing green products and advocating for sustainable management of resources.
- *Human Resource Executive* magazine listed us as one of 50 U.S. and international companies most admired in the following four categories of human resources attributes: people management, innovation, product/service quality and management quality.

## Committed and Confident

At FPL Group, we are committed to delivering value to all of our stakeholders. For our customers, we deliver clean, reliable and affordable electricity. For our employees, we are providing challenging, high-quality, rewarding careers in a difficult economy. And for our shareholders, we have consistently delivered returns above the market as a whole.

It has been a tremendously turbulent time for the economy and credit markets. Nonetheless, we are well positioned for long-term success. We have a compelling strategy, financial strength, flexibility and discipline, a culture of operational excellence, and a great team making things happen all across our company.

As I look back over my nearly 10 years with FPL Group, I can scarcely believe how far we’ve come. The company we are today was unimaginable then, and I believe the same will be true 10 years from now. The difference is that we are not content to merely see the future. We intend to shape it.

Thank you for placing your confidence in us.

*Lewis Hay, III*

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March 25, 2009