Moody's INVESTORS SERVICE

Rating Action: Moody's Downgrades FPL Group to Baa1 and FP&L to A2

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Approximately $12 Billion of Debt Securities Downgraded

New York, April 09, 2010 -- Moody's Investors Service downgraded the ratings of FPL Group, Inc. (Issuer Rating to Baa1 from A2); FPL Group Capital Inc. (senior unsecured to Baa1 from A2); and Florida Power & Light Company (FP&L, Issuer Rating to A2 from A1, senior secured to Aa3 from Aa2). Moody's downgraded FPL Group Capital's short-term rating for commercial paper to Prime-2 from Prime-1 and affirmed FP&L's Prime-1 short-term rating for commercial paper. The rating outlook of FPL Group, FPL Group Capital, and FP&L is stable. This rating action concludes the review for downgrade initiated on January 19, 2010.

"The downgrade of the ratings of the FPL Group family reflects higher risk throughout the consolidated organization resulting from increased leverage at the company's unregulated businesses, higher earnings and cash volatility, a growing energy trading and marketing business, and a deterioration in the political, regulatory, and economic environment at its core Florida regulated utility," said Michael G. Haggarty, Vice President and Senior Credit Officer.

The downgrade of FPL Group and FPL Group Capital considers the following factors:

• FPL Group has incurred substantial debt at FPL Group Capital and NextEra Energy Resources over the last several years, which together now account for 62% of the total debt of the consolidated organization (38% at FPL Group Capital and 24% at NextEra). At this level of debt, Moody's believes that wider notching between the ratings of the parent and the utility more appropriately reflects the risks associated with both the size and scope of the unregulated businesses and the amount of leverage supporting that sector.

• The significant growth in leverage at FPL Group Capital has diluted the value of FPL Group's unconditional guarantee, which now cover $7.5 billion of debt and commercial paper obligations, nearly $2 billion more than at the end of 2008, in addition to counterparty obligations. The company has relied heavily on hybrid securities to finance growth at FPL Group Capital, which may be viewed as having a higher debt component going foward.

• Although another $4 billion of debt at NextEra Energy is at the project level and not explicitly guaranteed by FPL Group, this debt is characterized as "limited recourse" on the company's financial statements due partly to implicit ties to FPL Group and/or FPL Group Capital in some of these transactions, such as guarantees of wind project production tax credits, for example.

• FPL Group has experienced higher cash flow and earnings volatility from its unregulated generating portfolio over the last year due to a combination of low power prices, a poor national wind resource negatively affecting its entire fleet of wind power assets, a longer than anticipated outage at its Seabrook nuclear unit, and a continually challenging Texas power market.

• The company has a growing energy marketing and trading business based in the Houston offices of NextEra and has for the first time articulated an intention to grow this business in its FYE 2009 SEC financial statement filings. This is a strategic shift from the predominantly asset based business strategy it had pursued in the past which in Moody's opinion represents a material elevation of the company's business risk profile.

• The company is subject to higher execution risk with regard to its wind asset development program, with increased commodity costs, more competition, and higher project financing costs. There has also been less willingness on the part of utilities to commit to long-term power purchase agreements with these projects because of uncertainty over renewable portfolio standards, the timing of potential carbon costs, economic uncertainty, and load growth prospects.

• With limited growth prospects at Florida Power & Light due to regulatory and economic constraints, Moody's believes that growth at FPL Group's unregulated businesses will continue to outpace the utility, accelerating the transformation of FPL Group into a predominantly wholesale generating business, with overall credit quality less reliant on its core, lower risk regulated utility business. The company's decision to change its corporate name to NextEra Energy is an indication of its intention to further distinguish these two businesses.

The downgrade of Florida Power & Light Company (FP&L) is attributed to:

• A decline in the utility's political and regulatory environment as evidenced by its most recent rate case which was plagued by delays, controversy, and political interference in the regulatory process. Because of these developments, Moody's now views FP&L's regulatory framework as substantially less supportive than it has been previously and more characteristic of an average regulatory environment.

• The utility continues to experience weak sales volumes and difficult economic conditions in its service territory, particularly related to the Florida housing market. The challenging Florida economy was a contributing factor to the company's rate case decision, with the Florida Public Service Commission exhibiting sensitivity to economic conditions in the state throughout the rate proceedings.

• Historically strong financial metrics and cash flow coverage metrics that may decline somewhat following the recent rate case decision, although Moody's expects any decline to be modest as a high percentage of FP&L's revenues are recovered through riders or other cost recovery provisions that remain strong. In addition, FP&L's recently awarded 10% ROE is consistent with those granted to some utilities in other parts of the country and its 59.1% equity ratio remains one of the highest in the U.S., mitigating the negative effect of the relatively low base rate increase.

The stable outlook on the ratings of FPL Group and FPL Group Capital reflects Moody's expectation that the size and diversity of the company's unregulated generating portfolio will continue to insulate it to some degree from poor power markets and variable wind resource conditions; that the portfolio will generate adequate cash flow to maintain cash flow coverage metrics adequate for its current Baa1 rating; and that the company will maintain sufficient liquidity to offset the growth of its energy trading and marketing business at NextEra. The stable outlook on the ratings of FP&L reflects Moody's view that the utility's financial performance and cash flow coverage metrics will remain strong for its rating despite the unexpected rate case decision in January and that FP&L's political and regulatory environment will improve once the Florida economy recovers.

The last rating actions on FPL Group, Florida Power & Light Company, and FPL Group Capital were on January 19, 2010, when their ratings were placed under review for possible downgrade.

The principal methodology used in rating these issuers was Regulated Electric and Gas Utilities, which can be found at www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

Ratings downgraded include:

FPL Group, Inc.'s Issuer Rating, to Baa1 from A2;

FPL Group Capital's senior unsecured, to Baa1 from A2; junior subordinated to Baa2 from A3; short-term rating for commercial paper, to Prime-2 from Prime 1; and the trust preferred rating of FPL Group Capital Trust I, to Baa2 from A3.

Florida Power & Light Company's Issuer Rating, to A2 from A1; and senior secured, to Aa3 from Aa2.

Ratings affirmed:

Florida Power & Light Company's Prime-1 short-term rating for commercial paper.

FPL Group, Inc. is a parent holding company for regulated utility Florida Power & Light Company and unregulated subsidiaries FPL Group Capital Inc and NextEra Energy Resources, LLC (unrated) and is headquartered in Juno Beach, Florida.

New York
Michael G. Haggarty
VP - Senior Credit Officer
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376

SUBSCRIBERS: 212-553-1653