

FITCH DOWNGRADES FPL GROUP INC. AND FPL GROUP CAPITAL TO 'A-'; AFFIRMS FLORIDA POWER & LIGHT

Fitch Ratings-New York-30 April 2010: Fitch Ratings has downgraded the Issuer Default Ratings (IDR) of FPL Group Inc. (FPL Group) and FPL Group Capital (Group Capital) by one notch to 'A-' from 'A'. At the same time, Fitch has affirmed the 'A' IDR of Florida Power & Light (FP&L). Fitch has removed all three credits from Rating Watch Negative and assigned a Negative Rating Outlook. Approximately \$14 billion of debt is affected by today's rating actions. All of the rating actions are listed at the end of this release.

Group Capital's ratings and Outlook are identical with those of its parent FPL Group, reflecting the unconditional and irrevocable guarantee by the parent of the debt obligations of Group Capital. Aside from those guarantees, FPL Group has no debt.

Fitch's one-notch downgrades of the ratings of FPL Group Inc. recognize the company's large investments over the past five years in competitive power generation and energy marketing and the reduced relative contributions of FP&L to the group's business mix. A recent trigger for this rating action was the adverse March 2010 order in FP&L's electric base rate case and the contentious political and regulatory environment affecting utilities in Florida.

The Negative Rating Outlooks for FPL Group and Group Capital reflect uncertainty about ongoing political developments affecting the Florida Public Service Commission (FPSC) as well as the concern that reduced growth opportunities may result in pursuit of more aggressive non-utility project development or major acquisitions. FPL Group continues to have a sound cash flow and strong liquidity, consistent with Fitch's 'A-' rating, but the group's reliance on cash flow derived from tax incentives makes a strong income contribution from FP&L all the more important to FPL Group's consolidated cash flow. Weak wholesale power and capacity prices and increased competition in the renewable energy field are also concerns. With regard to FPL Group Inc. and FPL Group Capital, Fitch's ratings consider the following factors which partially or fully offset credit measures that are not as robust as 'A-' peers: (1) NextEra Energy Resources' assets are concentrated in non-carbon emitting resources, and any future controls on carbon emissions or renewable portfolio standards may enhance and will not reduce cash flows; (2) NextEra hedges forward its power output with a balanced mix of physical contracts and derivatives; and (3) approximately \$4.3 billion of project finance debt included in the group's consolidated debt have no recourse or only limited recourse to corporate support (typically a limited undertaking to monetize tax benefits such as production tax credits relating to a project.)

The affirmation of FP&L's ratings reflects the size, quality, and diversity of the FP&L utility business and operations, its low debt leverage, and robust liquidity. Reflecting an adverse base rate order in March 2010, Fitch's base and stress case forecasts for the utility indicate that FP&L cash flow credit ratios will decline materially in 2010-2011 but nonetheless should continue to meet Fitch's benchmarks for the 'A' IDR and conform with those of comparable integrated utilities rated by Fitch. Favorably, FP&L continues to benefit from trackers and adjustment mechanisms that result in recovery of purchased power, fuel and environmental costs, representing roughly 55% of revenues, and from a strong equity-to-capital ratio of 59.1%. The Negative Rating Outlook for FP&L reflects continuing uncertainty about the future political and regulatory trends in Florida and the downside case that the economic recovery in Florida may significantly lag the recovery in other parts of the U.S.

Fitch's ratings presume that FPL Group will fund its capital expenditures with retained internal cash flow supplemented by a balanced mix of debt, equity and/or hybrid equity financing. Fitch's ratings also assume that FP&L will continue to recover fuel, purchased power, and storm recovery costs consistent with current FPSC policies.

Ratings of FPL Group Inc., and Group Capital could be adversely affected if NextEra Energy Resources pursues more speculative power development without assured off-take arrangements; increased energy marketing and trading activities; inability to renew expiring contracts; use of higher debt leverage; or materially adverse FPSC regulatory developments that would further impair cash flow of FP&L.

Ratings of FP&L would be adversely affected if the FPSC adopts less supportive policies on recovery of purchased power costs, fuel expense, environmental compliance costs, new renewal resources, or storm related expenses, or if the utility pursues major capital investment without assured revenue recovery.

Ratings affected by these actions are listed below.

Fitch has downgraded the following ratings and assigned a Negative Rating Outlook:

FPL Group, Inc.

--Issuer Default Rating (IDR) to 'A-' from A.

FPL Group Capital, Inc.

--IDR to 'A-' from 'A';

--Senior unsecured debentures to 'A-' from 'A';

--Jr. Subordinate hybrids to 'BBB' from 'BBB+'.

FPL Group Capital Trust I

--Trust preferred stock to 'BBB' from 'BBB+'.

Fitch has affirmed the following ratings:

FPL Group Capital, Inc.

--Short-term IDR and commercial paper at 'F1'.

Florida Power & Light Company

--IDR at 'A';

--Short-term IDR and commercial paper at 'F1'.

--First mortgage bonds at 'AA-';

--Unsecured pollution control revenue bonds at 'A+'.

Fitch also assigned a Negative Rating Outlook to Florida Power & Light Company.

Applicable criteria available on Fitch's web site at 'www.fitchratings.com' include:

--'Credit Rating Guidelines for Regulated Utility Companies' (July 31, 2007).

--'Issuer Default Ratings and Recovery Ratings in the Power and Gas Sector' (Nov. 7, 2005).

--'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (Aug. 22, 2007).

--'Corporate Rating Methodology' (Nov. 24, 2009);

--'Rating Hybrid Securities' (Dec. 29, 2009).

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Additional information is available at 'www.fitchratings.com'.

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