FPL Group
2000 Annual Report

the natural choice

FPL powers Florida

Florida Power & Light Company serves nearly four million customer accounts in 34 counties.

FPL Energy's national presence

Areas in yellow denote sites of FPL Energy projects and offices.

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financial highlights

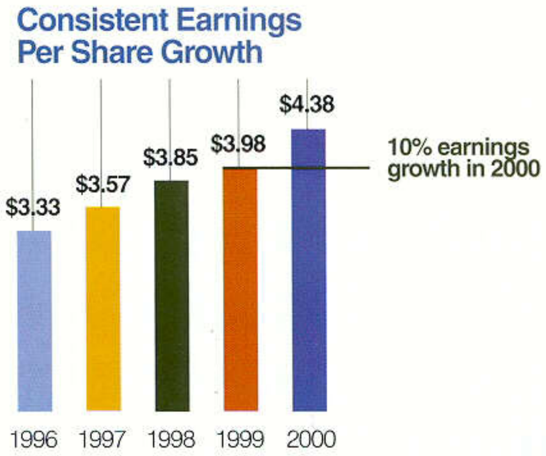
For the Years Ended December 31,	2000	1999	% change
Financial Results *(millions, except per share amounts)*			
Operating Revenues	$7,082	$6,438	10.0
Operating Income	$1,240[1]	$920[2]	34.8
Net Income	$745[3]	$681[4]	9.4
Earnings Per Share	$4.38[3]	$3.98[4]	10.1
Cash Flow from Operating Activities	$976	$1,563	(37.6)
Total Assets	$15,300	$13,441	13.8
Common Stock Data			
Average Shares Outstanding *(millions)*	170	171	(0.6)
Dividends Per Share	$2.16	$2.08	3.8
Book Value Per Share	$33.22	$31.47	5.6
Market Price Per Share *(high/low)*	$73 - $36 3/8	$61 15/16 - $41 1/8	
Operating Data			
Energy Sales *(millions kwh)*	100,777	92,446	9.0
FPL Customer Accounts *(average; thousands)*	3,848	3,756	2.4
Employees *(year end)*	10,852	10,717	1.3

(1) Includes effects of merger-related expenses.
(2) Includes effects of impairment loss on Maine assets and settlement of litigation between FPL and FMPA.
(3) Excludes effect of merger-related expenses.
(4) Excludes effects of gain on sale of Adelphia Communications Corporation stock, impairment loss on Maine assets, settlement of litigation between FPL and FMPA and the gain on the redemption of a one-third ownership interest in a cable limited partnership.

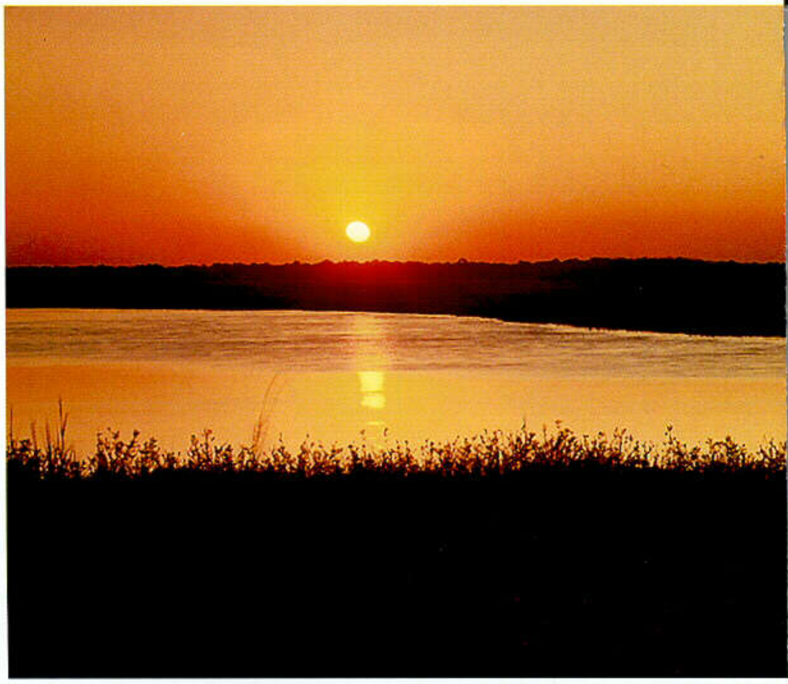
profile

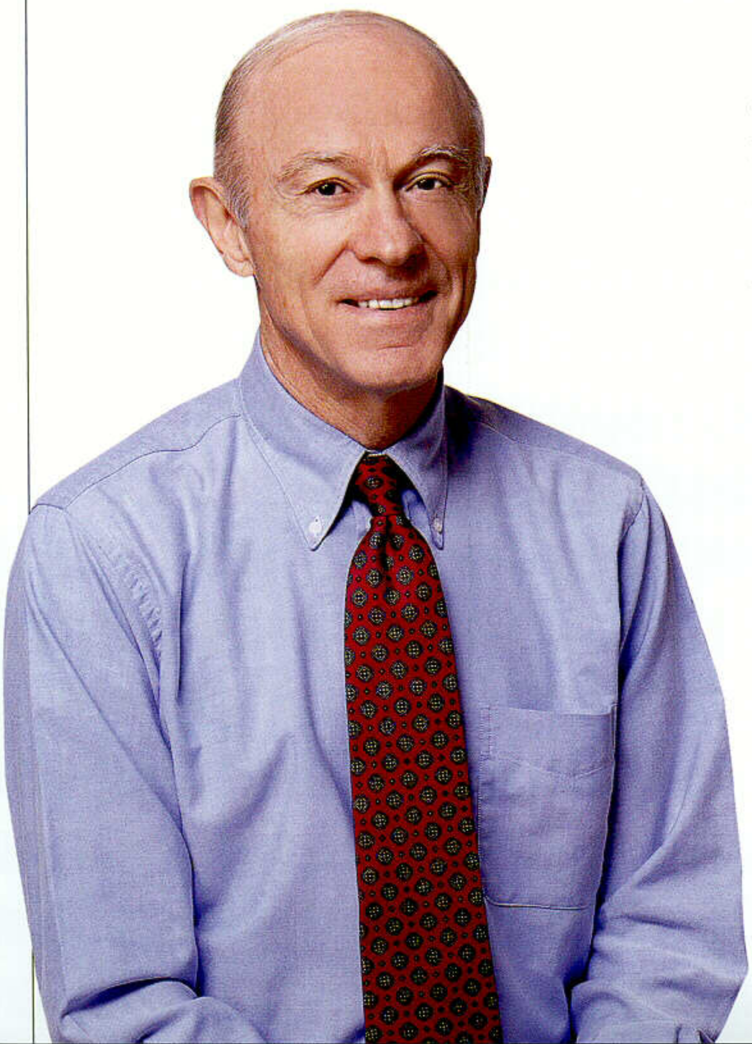
FPL Group is one of the nation's largest providers of electricity-related services. Its principal subsidiary, Florida Power & Light Company, serves more than seven million people along the eastern seaboard and the southern portion of Florida. FPL Energy, LLC, FPL Group's unregulated energy generating subsidiary, is a leader in producing electricity from clean and renewable fuels. FPL Energy owns and operates domestic power plants representing more than 4,100 megawatts and has more than 2,700 megawatts of capacity under construction or in late-stage development. FPL FiberNet provides fiber-optic services and fiber-optic cable to businesses within Florida.

to our shareholders



*Excludes nonrecurring items in 1999 and merger-related expenses in 2000.





2000 was a landmark year for FPL Group. Our core businesses, Florida Power & Light and FPL Energy, produced outstanding operating results, and our new subsidiary, FPL FiberNet, achieved profitability in its first year of operation. This performance enabled us to reach new records of net income and earnings per share, and shareholders were rewarded with exceptionally attractive returns.

Record financial results

- Net income, excluding special charges related to the pending merger, reached an all-time high of $745 million.

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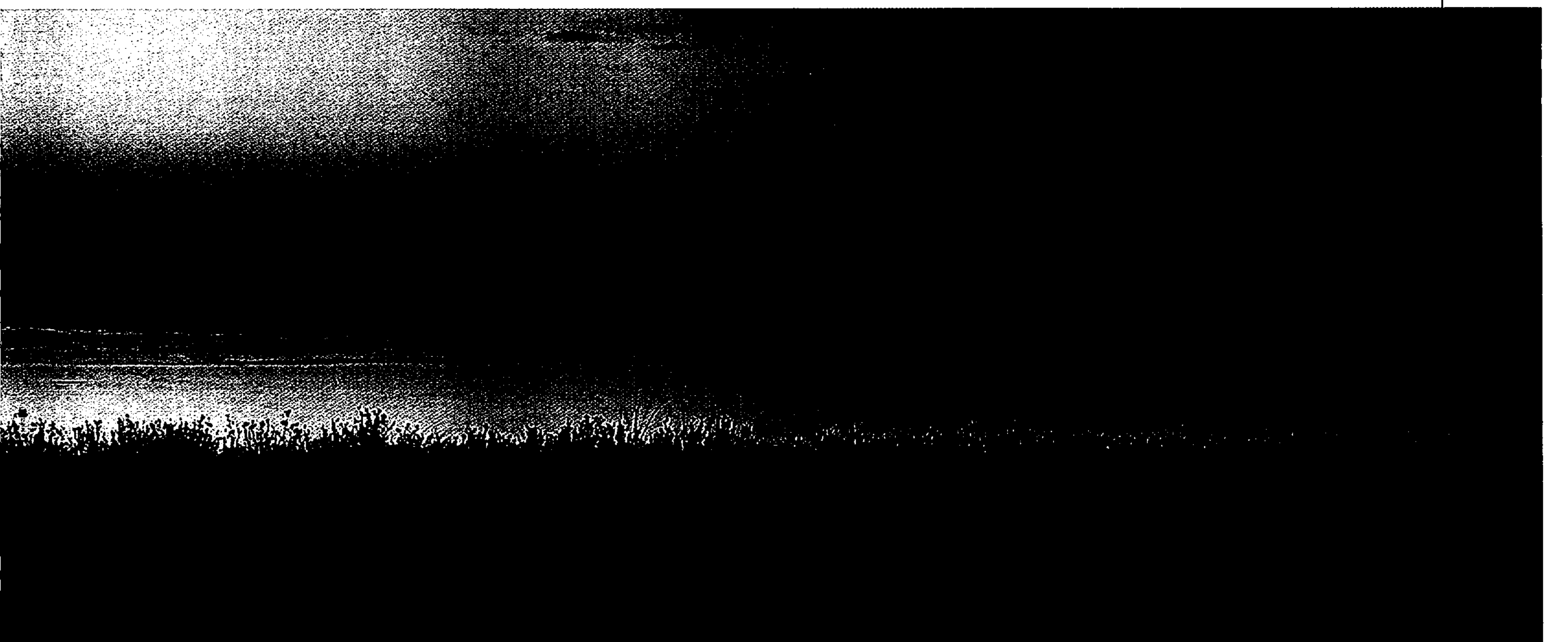


- Earnings per share increased by 10% to a record $4.38.

Shareholder returns

Electric utility stocks fared very well in 2000 compared with the overall stock market, and FPL Group performed substantially better than the industry as a whole. The total return on the company's common stock – dividends plus stock price appreciation – was 74.8%. The return of the Standard & Poor's Electric Companies Index was 53.4%. More importantly, the stock of FPL Group has been a sound long-term investment. Since we began restructuring our company in 1990, the annualized total return to our shareholders has been 15.2%, compared to the 12.3% return for the Standard & Poor's Electric Companies Index.

Major achievements of Florida Power & Light:

The key to FPL's success in recent years has been its ability to lower costs while improving customer service and reliability. Outstanding achievements continued in all of these areas.

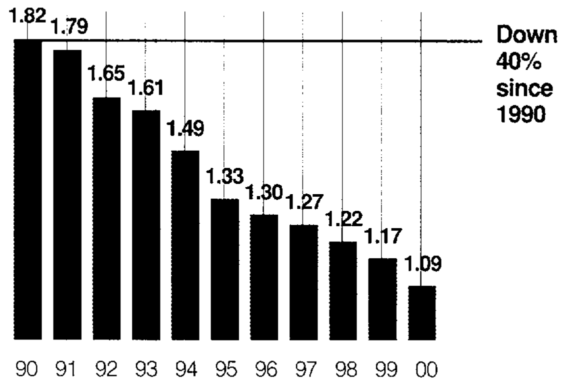
- Operations and maintenance costs per kilowatt-hour declined for the tenth consecutive year. Since 1990, we have reduced O&M costs by 40% – from 1.82 cents per kWh to 1.09 cents. What's more, the lower costs have been achieved during a period when the Consumer Price Index has risen nearly 38% and FPL has added more than 700,000 new customers.
- Power plant performance, already among the best in the nation, continued to reach new levels.

- The 95% "availability factor" of our fossil plants was the highest ever and substantially above the industry average.
- Our nuclear plant availability of 93% was far superior to the industry average. It was less than one percentage point short of the previous year's record, despite an additional scheduled refueling outage.
- Service reliability again improved, and FPL's reliability is within the top 20% of the industry.
- FPL's customer satisfaction surveys, carried out by an independent agency, rewarded us with some of the highest marks for service in the last decade.

Accomplishments of FPL Energy:

FPL Energy, our non-regulated wholesale power business that operates outside Florida, is an industry leader in the use of environmentally friendly fuels. Approximately 80% of its electricity is generated from clean fuels, including natural gas and renewable resources such as wind and solar. It is the largest developer of wind generation in the country and operates the two largest solar plants in the world.

A Decade of O&M Expense Reductions
(cents per kilowatt-hour)



- In 2000 FPL Energy constructed and began operation of a 1,000-megawatt natural gas-fired plant in Texas and purchased a 104-megawatt wind facility in Minnesota. This increased its generating capacity by over one-third – from 3,000 to more than 4,100 megawatts.
- The company now has power plants in operation in 12 states. Additional announced projects aggregating more than 2,700 megawatts are under late-stage development or construction. These projects will further enhance the company's regional portfolios.
- FPL Energy's contributions to earnings, excluding nonrecurring charges and merger-related expenses, increased to $83 million, up 43% from $58 million in 1999. With a solid pipeline of potential projects, we expect FPL Energy's healthy growth to continue.

- In 2000 the company continued installing intra-city, metropolitan fiber networks that are tied together by its inter-city, long distance network. The company currently owns about 2,000 route-miles of long distance and metropolitan fiber network, which represent approximately 122,000 fiber-miles.
- FPL FiberNet is already a profitable business and is well positioned to make a growing contribution to earnings.

Proposed merger terminated

Just prior to the publication of this annual report, we announced the termination of our proposed merger with Entergy Corporation. When the merger was announced in late July, and submitted to shareholders later in the year, we felt that combining our companies would prove beneficial to shareholders and customers alike. However, a number of factors led us recently to conclude that the merger would neither achieve the synergies nor create the shareholder value on which our original agreement was based. Although I am disappointed, this does not diminish in any way our positive outlook for FPL Group's future.

Summary and outlook

We are in a period of rapid change in the electric power industry. Federal legislation was enacted during the early 1990s that opened transmission lines to all competitors and created a new class of wholesale generators. In addition, in recent years many states have restructured their electric power businesses with varying results.

Going forward, the governor of Florida has established a commission to examine the state's energy policy and make recommendations regarding the future structure of the electricity system. Although a full report is not due until December 2001, the commission's initial proposal calls for creating a fully competitive wholesale power market in Florida. Also, we have responded to the Federal Energy Regulatory Commission's request to all utilities and submitted a proposal to create a separate and independent for-profit company known as a "Transco" to operate Florida's electric transmission system.

No one can predict precisely the ultimate industry structure, but over the last ten years we have worked hard to build an organization that will thrive under any set of circumstances. We are confident that under any fair rules, we will be successful and continue to generate value for our shareholders.

James L. Broadhead

James L. Broadhead
Chairman and Chief Executive Officer
April 2, 2001

The St. Lucie nuclear plant is home to sea turtles as well as 160 species of birds and 24 species of mammals. Three-quarters of the plant's 1,132-acre site consists of swamps, marshes and beaches that are preserved for area wildlife.

As the electric power industry continues to change, one of the keys to success is how well utilities execute the fundamentals. When it comes to basics, no electric utility has performed better than Florida Power & Light over the past decade.

Since 1990, when the company was restructured, FPL has driven down costs while achieving continuous improvements in virtually every area of its operations. At the same time, it has taken steps to meet the sharply increasing energy demands of a service area that continues to grow at a rapid pace.

FPL's customer base grew by 2.5% in 2000 to more than 3.8 million. More new customers, 92,000, were added than in any year since 1990. In addition, energy usage per customer increased by nearly 2% over the previous year.

Superior Long-Term Investment Performance

(10-year growth of $100 invested on December 31,1990)

Continued cost reduction

In 2000, FPL reduced its operations and maintenance costs per kilowatt-hour for the tenth consecutive year. Since 1990, O&M costs have declined 40% – from 1.82 cents per kilowatt-hour to 1.09 cents. During this time the company added more than 700,000 new customer accounts and increased its generating capacity by 24%.

FPL's cost reduction efforts have resulted in a more efficient and productive organization and enabled the company to hold down the price of its electricity to below the national average.

Performance-driven operations

FPL continues to achieve major improvements in such critical success areas as plant performance, electric reliability, and customer service.

FPL's power plants remain among the nation's top performers. This is important because superior plant performance helps defer the need for additional new generation. It also enables FPL to reliably meet peak energy demands and to sell excess power produced by its plants to other utilities through the company's Energy Marketing and Trading Division, a leading wholesale marketer and trader of electricity, gas and oil. Gains from these energy sales provide savings to FPL customers.

- In 2000 the availability of FPL's fossil plants – the percentage of time they were available to generate power – rose to an all-time high of 95%. This was well above the industry average of 86% and places FPL among the nation's best performers.
- The 93% availability of FPL's nuclear plants was just short of the record high achieved in 1999, despite an additional scheduled refueling outage, and it is substantially better than the most recent nuclear industry average of 84%.
- In addition, the World Association of Nuclear Operators Index, which measures 11 critical areas of operating and safety performance, placed FPL's nuclear facilities in the top quartile of plants nationwide. The WANO rating of 98.1 is the highest FPL has ever received and marks the fourth consecutive year of improvement.

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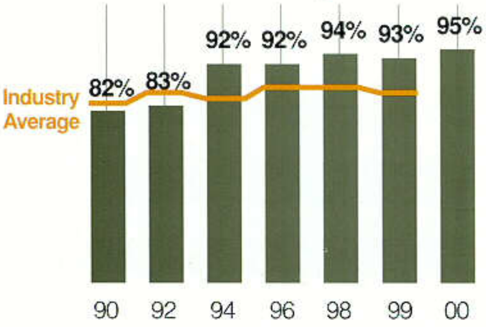
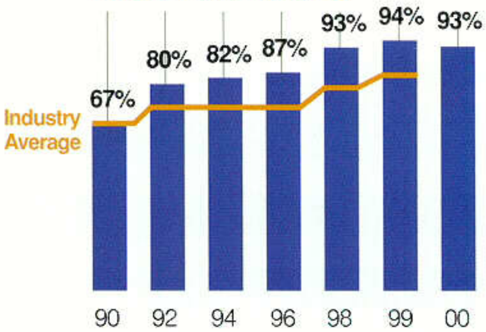
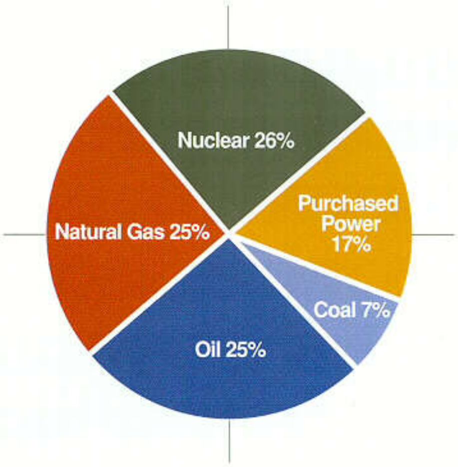
An Industry Leader in Plant Performance





Energy Sources Florida Power & Light Company

(based on kilowatt-hours produced)



FPL utilizes a diverse energy mix that enables it to take advantage of energy price changes. In 2000, nuclear accounted for 26% of the power FPL provided, followed by natural gas at 25%. Oil also accounted for 25%, purchased power 17%, and coal 7%.

During 2000, utility companies nationwide experienced skyrocketing costs for oil and natural gas. The Florida Public Service Commission approved rate adjustments allowing FPL to recover its fuel costs, which the company is spreading over a two-year period to lessen the impact on customers. Continued pressures on oil and natural gas prices forced FPL to request an additional adjustment early in 2001.

FPL's electric reliability, which is rated within the top 20% of the industry, improved for the third straight year.

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Cooling canals at the Turkey Point power plant are among only three nesting areas in the country for the endangered American crocodile. This unique habitat has attracted world attention on CNN, National Geographic and many other international programs.

As the result of a major initiative launched in 1997, FPL has:

- Reduced the average amount of time its customers are without power by 30%;
- Reduced by 10% the average duration of interruptions; and
- Reduced the frequency of interruptions by 21%.

While improving its reliability, FPL also has taken steps to enhance its communications with customers. A recent independent study found that among the customer call centers of 16 major utilities, FPL ranked number one overall. The company also is utilizing the latest technologies to further improve customer service.

Hundreds of manatees congregate at five FPL power plants during the winter months. As water temperatures decline in winter, these endangered mammals frequently find shelter in the power plants' warm water discharge.

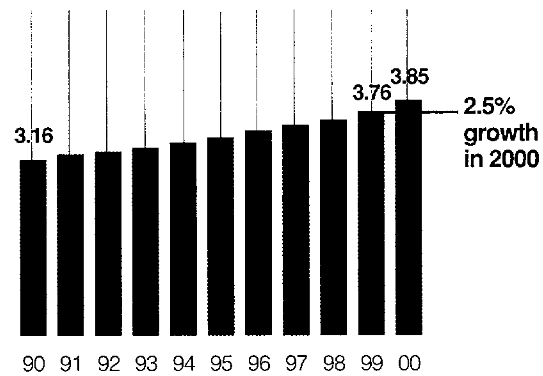
Expanding for the future

To meet the needs of its rapidly growing service territory, FPL plans to add over the next ten years approximately 7,000 megawatts of generating capability – an increase of more than 40%. The additional generation will be fueled by clean-burning natural gas, which will strengthen FPL's standing as one of the most environmentally friendly utilities in the country.

FPL expects approximately 2,700 megawatts of new generation to be available by 2004.

- Approximately 2,000 megawatts will come from "repowering" older oil-burning power plants at Fort Myers and Sanford and converting them to natural gas. The Fort Myers plant already provides the first increments of new generation in the form of "simple cycle" combustion turbines,

FPL Customer Growth Highest in a Decade
(number of customer accounts in millions)



which will ultimately be re-configured as "combined-cycle" units. When the project is completed in 2002, the plant's capacity will nearly triple, while emissions will be reduced. The Sanford plant repowering will more than double its capacity, while reducing emissions as well. Sanford is scheduled for completion by the end of 2002.

- "Peaking" units will provide an additional 600 megawatts of generation. These combustion turbines provide power during short-term periods of peak demand. Two peaking units totaling 300 megawatts are scheduled to be available at the Martin plant site near Lake Okeechobee in 2001. Two similar-sized units will be added at Fort Myers in 2003.

- While FPL is adding new generation, it continues to utilize energy conservation programs to help individual customers reduce their demand for energy and save on their electricity bills. Over the past 20 years, these programs have reduced energy consumption and enabled FPL to avoid building several additional power plants. Attaining FPL's 10-year energy conservation goals, which the Florida Public Service Commission approved in 2000, will eliminate the need for two additional power plants that would otherwise have been part of its expansion program.

Nuclear license extension

Nuclear power has played an important role in FPL's energy mix for nearly three decades – ever since the two nuclear units

The Barley Barber Swamp is a 400-acre natural cypress swamp voluntarily preserved by FPL at the Martin power plant site. Hundreds of wildlife species are protected here. The endangered Florida panther also roams the swamps and hammocks nearby.

at Turkey Point south of Miami began operation in 1972 and 1973.

The Turkey Point nuclear units generate approximately 1,400 megawatts of electricity – enough to provide power for more than 300,000 customers – and are among the lowest-cost generators in the FPL system. In addition, the nuclear units produce no greenhouse emissions.

To ensure that customers continue to receive the economic and environmental benefits provided by Turkey Point, FPL in 2000 submitted an application to the Nuclear Regulatory Commission to extend the plant's operating license an additional 20 years until 2033.

The commission is expected to review the application over the next two to three years before deciding whether to renew the license. The NRC already has extended the licenses for several other nuclear plants.

FPL plans to file a similar application in 2002 to extend the license of the St. Lucie nuclear units on Hutchinson Island.

Proposed changes in Florida

An Energy Study Commission established last year by Florida's governor is studying possible changes in the state's electric system. The commission is expected to make a final report to the governor and legislature in late 2001.

- Although acknowledging that the current electric system has worked well in providing abundant, affordable and reliable power, the commission early in 2001 proposed to create a fully competitive wholesale power market in Florida. Under the commission's proposal there would be a six-year transition period to ensure an orderly move to a competitive market and all generators would compete under the same rules.

At the national level, the Federal Energy Regulatory Commission (FERC) last year strongly recommended to the country's investor-owned utilities that they find ways to create regional transmission organizations. As a result, FPL – together with Florida Power Corporation and Tampa Electric Company – proposed creating a separate and independent for-profit transmission company to operate the electrical transmission system statewide. This so-called "Transco," if approved by the FERC, could be in operation before the end of this year (*see related story on page 14 for additional information*).

#1 in environmental performance

FPL is an environmental leader within the electric industry and considers making the right choices to maintain and preserve Florida's environment an important part of its operations. Last year – in an affirmation of its commitment to the environment – the investment research firm Innovest named FPL number one among 30 leading electric utilities in environmental performance.

FPL's overall emissions are among the lowest in the country, based on the amount of electricity it produces.

More than half of its generation is derived from clean energy sources. In addition, FPL will reduce emissions at two of its older oil-fired plants when they are converted to natural gas. The Fort Myers and Sanford plants will utilize advanced technology that will significantly lower emissions, even though the plants will generate more electricity than before.

FPL also has taken initiatives to protect the native environments surrounding its power plants. As shown by the photos within this report, FPL's efforts have enabled a large number of endangered and threatened species to thrive in their natural habitat.

FPL's commitment to the environment gained wide attention in January 2001 when it made the unusual donation of an island to the U.S. Fish and Wildlife Service. Manatee Island is an 18-acre refuge for migratory and native birds that also serves as a winter landmark for West Indian Manatees seeking the warm waters near the Fort Myers plant. The island is the first addition to the Caloosahatchee National Wildlife Refuge, which was established in 1920 by President Woodrow Wilson as a preserve and breeding ground for native birds.

Proposing a Florida Transco

In recent years the Federal Energy Regulatory Commission has pushed strongly and in some cases mandated a regional approach to the transmission of electricity. The FERC believes this will ensure more open access to the interconnected system of electric lines that are located throughout the country. As a result, a number of investor-owned electric utilities have divested their individual transmission systems in favor of regional transmission organizations.

In 2000, the FERC ordered the country's investor-owned utilities to propose ways to create regional transmission organizations. FPL – together with Florida Power Corporation and Tampa Electric Company – have proposed transferring control of their transmission assets to form what is known within the industry as a Transco.

This would be a separate, for-profit transmission company responsible for operating the electrical transmission lines that run from the power plants to substations throughout peninsular Florida. The electrical distribution lines that carry power directly to homes and businesses would remain with the individual utilities.

The Transco would be a fully independent company, incentive-driven, and organized and governed much like any corporation. FPL would no longer own or operate its transmission system. However, in exchange for title to FPL's transmission assets, it would retain a passive ownership interest in the new company. This interest would enable FPL Group to share in the earnings of the Transco.

If approved, the Transco could be in operation before the end of this year.

FPL Energy

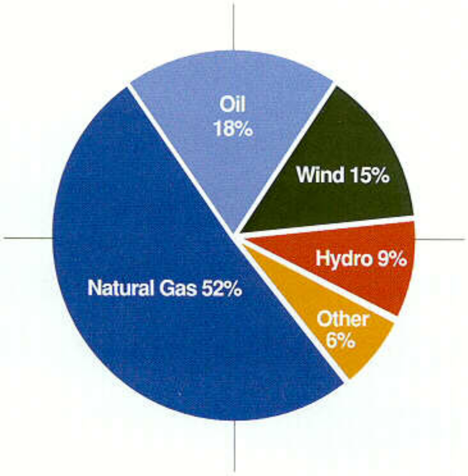
The osprey is a protected species that builds its nests in large trees ... or occasionally on utility poles. In the latter case, FPL provides special elevated nesting platforms for the osprey's protection.

FPL Energy is the company's rapidly growing wholesale power business and an industry leader in clean energy production – including renewable energy sources and the use of environmentally friendly fuels. Since 1998, its power plant portfolio has more than doubled to 4,110 megawatts of capacity, with plants in 12 states. In addition, a strong pipeline of development projects should ensure strong and continued growth.

Excluding nonrecurring items and merger-related expenses, FPL Energy's contributions to net income rose 43% in 2000 from $58 million to $83 million. Its contributions to earnings per share increased from 34 cents to 49 cents, an increase of 44%. The growth in earnings

In addition to providing clean, renewable power to homes and businesses, several FPL Energy wind projects sited in the California desert are home to the endangered San Joaquin kit fox.

A Diversified Portfolio
(net mw in operation)



reflects an increase in its portfolio of generation and improved operating performances of existing assets. FPL Energy achieved earnings growth despite the costs of building necessary infrastructure to support its future expansion.

Generating assets in Maine and wind facilities in California were among the FPL Energy operations making strong earnings contributions in 2000.

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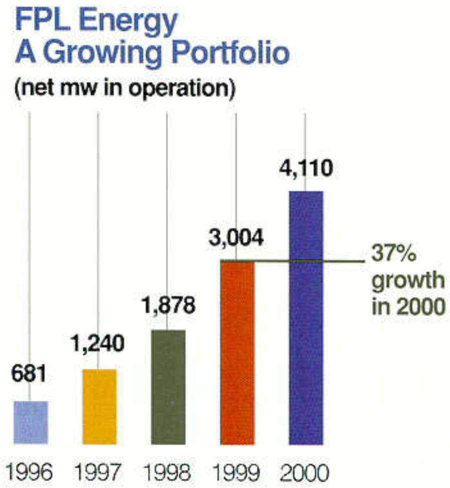

FPL Energy increased its generation portfolio 37% during 2000 with the construction of a 1,000-megawatt natural gas plant in Lamar, Texas, and the purchase of a 104-megawatt wind facility in southwest Minnesota.

Building capacity

Projects currently under construction or that have been announced will provide FPL Energy with more than 2,700 additional megawatts of generation through 2003.

Natural gas-fired projects totaling more than 2,200 megawatts and their expected completion dates include:

- A peaking unit, totaling 171 megawatts, at the Doswell plant in Virginia, which is already one of the nation's largest independent power facilities (2001);
- A 535-megawatt plant in Johnston, Rhode Island (2002);
- A 536-megawatt facility near Austin, Texas, in which FPL Energy retains 50% ownership (2002);
- A 525-megawatt plant in Bellingham, Massachusetts (2003);
- A 744-megawatt plant in Marcus Hook, Pennsylvania (2003).

Wind projects totaling nearly 500 megawatts include:

- A 300-megawatt wind farm on the Washington/Oregon border (2001);
- A 160-megawatt project in Texas (2001);
- A 25-megawatt facility in Wisconsin (2001).

Focus on clean energy

FPL Energy's primary strategy is to utilize its power generation expertise and energy marketing and trading skills to develop or acquire new projects that emphasize "clean energy."

Natural gas or renewable sources, including wind, solar, hydro and geothermal, provide the fuel for nearly 80% of FPL Energy's generation. The company places a particular emphasis on natural gas-fired and wind-driven generation, areas in which it possesses world-class skills.

- A contract with General Electric for 66 gas turbines through 2004 supports future natural gas projects. Some of the turbines are being used by FPL for its capacity expansion.

C06

State-of-the-art fishways at FPL Energy's hydroelectric facilities in Maine are helping to preserve and restore populations of Atlantic salmon, American shad and river herring in the Saco River.

Wind power is a niche market that has proven to be highly profitable for FPL Energy. The company currently operates wind farms that produce nearly 1,000 megawatts.

FPL's focus on clean energy offers strong business advantages. Because of its benefits to the environment, the demand for clean energy is growing, and some states are requiring that a portion of their generation come from renewable sources. In addition, clean power provides cost advantages as more stringent emission requirements make it more expensive to generate electricity using fuels such as oil or coal.

FPL FiberNet

FPL FiberNet, a subsidiary of FPL Group formed at the beginning of 2000, was a modest contributor to earnings in its first year of operation. FPL FiberNet provides fiber-optic services and fiber-optic cable to businesses that include cable television, Internet service providers, wireless communications, and telecommunications.

FPL FiberNet owns approximately 2,000 miles of fiber network and plans to add several hundred more miles by 2002. The 2,000 route-miles represent approximately 122,000 fiber-miles. Fiber-optic cable is utilized to send data, voice and video communications and is capable of carrying thousands of times more information than conventional cable.

Expansion at FPL FiberNet

C07

The squirrel treefrog lives near many of our power plants in areas carefully set aside for wildlife protection. The frog is considered to be one of nature's best indicators of a healthy environment.

- The company is expanding its intra-city fiber networks in municipalities throughout Florida.
- FPL FiberNet has completed networks in Miami, Fort Lauderdale, Orlando and Tampa, and is currently constructing fiber networks in Boca Raton, West Palm Beach, St. Petersburg and Jacksonville.
- FPL FiberNet supports a number of initiatives to install Internet nodes in South Florida. This installation, combined with international fiber cables coming into South Florida, will establish the area as an international telecommunications hub.

manatee island: *The lush flora and fauna of Manatee Island, located in the Caloosahatchee River adjacent to the Fort Myers power plant, will continue to be protected with FPL's donation of the 18-acre refuge to the U.S. Fish and Wildlife Service in January 2001. Triangular in shape, the island serves as a unique haven for birds and other species of wildlife. With FPL's donation, Manatee Island becomes the first addition to the Caloosahatchee National Wildlife Refuge, established in 1920.*

financial information

financial and operating statistics

Years Ended December 31,	2000	1999	1998	1997	1996	1995	1990
FPL GROUP, INC. (millions)							
Operating Revenues	$7,082	$6,438	$6,661	$6,369	$6,037	$5,592	$5,075
Operating Expenses	$5,842	$5,518	$5,409	$5,141	$4,866	$4,395	$4,326
Operating Income	$1,240	$920	$1,252	$1,228	$1,171	$1,197	$749
Income from Continuing Operations	$704	$697	$664	$618	$579	$553	$298 [1]
Net Income (Loss)	$704 [2]	$697 [3]	$664	$618	$579	$553	$(391) [4]
Total Assets	$15,300	$13,441	$12,029	$12,449	$12,219	$12,459	$10,802
Long-Term Debt (excluding current maturities)	$3,976	$3,478	$2,347	$2,949	$3,144	$3,377	$3,853
Preferred Stock of FPL with sinking fund requirements (excluding current maturities)	$ —	$ —	$ —	$ —	$42	$50	$166
Energy Sales (kwh)	100,777	92,446	91,041	84,642	80,889	79,756	66,763
FLORIDA POWER & LIGHT COMPANY							
Operating Revenues (millions)	$6,361	$6,057	$6,366	$6,132	$5,986	$5,530	$4,988
Energy Sales (millions of kwh)	91,969	88,067	89,362	82,734	80,889	79,756	66,763
Customer Accounts — Average (thousands)	3,848	3,756	3,680	3,616	3,551	3,489	3,159
Peak Load, Winter (mw 60-minute) [5]	18,219	17,057	16,802	13,047	16,490	18,096	11,868
Peak Load, Summer (mw 60-minute)	17,808	17,615	17,897	16,613	16,064	15,813	13,754
Total Capability (summer peak, mw) [6]	19,069	18,649	18,509	18,715	18,538	18,153	16,074
Reserve Margin (summer peak, %) [6]	13	14	10	20	23	21	19
Net Energy for Load (%):							
Oil	25	25	27	18	18	19	23
Natural Gas	25	25	26	29	29	31	17
Nuclear	26	27	26	25	26	25	24
Net Purchased Power and Interchange	17	16	14	20	20	18	33
Coal	7	7	7	8	7	7	3
Capital Expenditures	$1,299	$924	$617	$551	$474	$669	$1,038
COMMON STOCK DATA							
Average Shares Outstanding (millions)	170	171	173	173	174	175	137
Earnings Per Share of Common Stock: [7]							
Continuing Operations	$4.14	$4.07	$3.85	$3.57	$3.33	$3.16	$2.18 [1]
Net Income (Loss)	$4.14 [2]	$4.07 [3]	$3.85	$3.57	$3.33	$3.16	$(2.86) [4]
Dividends Paid Per Share	$2.16	$2.08	$2.00	$1.92	$1.84	$1.76	$2.34
Book Value Per Share (year end)	$33.22	$31.47	$29.76	$28.03	$26.46	$25.12	$19.63
Market Price Per Share (year end)	$71 3/4	$42 13/16	$61 5/8	$59 3/16	$46	$46 3/8	$29
Market Price Per Share (high-low)	$73-36 5/8	$61 15/16-41 3/8	$72 9/16-56 1/16	$60-42 7/8	$48 1/8-41 1/2	$46 1/2-34	$36 1/2-26 1/8
Number of Shareholders (year end)	45,066	50,215	55,149	60,493	67,580	74,169	69,554

(1) Includes charges for write-down of businesses to be discontinued. Excluding these charges, income and earnings per share from continuing operations would have been $361 million and $2.64, respectively.

(2) Includes merger-related expenses. Excluding these expenses, net income and earnings per share would have been $745 million and $4.38, respectively.

(3) Includes effects of a gain on sale of Adelphia Communications Corporation stock, impairment loss on Maine assets, settlement of litigation between FPL and FMPA and a gain on the redemption of a one-third ownership interest in a cable limited partnership. Excluding these items, net income and earnings per share would have been $681 million and $3.98, respectively.

(4) Includes charges for disposition and write-down of a subsidiary accounted for as discontinued operations.

(5) Winter season includes November and December of the current year and January to March of the following year.

(6) Represents installed capability plus purchased power. Reserve margin is based on peak load net of load management.

(7) Basic and assuming dilution.

management's discussion and analysis of financial condition and results of operations

This discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein. In the following discussion, all comparisons are with the corresponding items in the prior year.

MERGER

In July 2000, FPL Group and Entergy announced a proposed merger, which was approved by the shareholders of the respective companies in December 2000. Subsequently, a number of factors led FPL Group to conclude the merger would not achieve the synergies or create the shareholder value originally contemplated when the merger was announced. As a result, on April 1, 2001, FPL Group and Entergy mutually terminated the merger agreement.

In 2000, FPL Group recorded $67 million in merger-related expenses, of which FPL recorded $62 million ($38 million after-tax), FPL Energy recorded $2 million ($1 million after-tax) and Corporate and Other recorded $3 million ($2 million after-tax). Merger-related expenses will continue in 2001, although to a lesser degree. For additional information concerning the merger, see Note 2.

RESULTS OF OPERATIONS

FPL Group's net income and earnings per share in 2000 increased despite a charge for merger-related expenses. This charge reduced net income and earnings per share by $41 million and $0.24, respectively. Net income and earnings per share in 1999 included the net effect of several nonrecurring transactions that resulted in additional net income of $16 million, or $0.09 per share. Excluding the merger-related expenses in 2000 and the nonrecurring items in 1999, FPL Group's net income in 2000 increased 9.4% to $745 million, and earnings per share increased 10.1% to $4.38. The comparable growth rates for 1999 were 2.6% and 3.4%, respectively, excluding the effects of the nonrecurring items in 1999. In 2000, both FPL and FPL Energy contributed to the growth, while in 1999 the growth was primarily attributable to FPL Energy.

FPL — FPL's results for 2000 continued to benefit from customer growth, increased electricity usage per retail customer and lower O&M expenses. The effect of the rate reduction and higher interest charges partly offset these positives. FPL's portion of the merger-related expenses in 2000 reduced net income by $38 million. Results for 1999 also include a nonrecurring charge related to the settlement of litigation that reduced net income by $42 million. FPL's net income, excluding these items in both periods, was $645 million in 2000, up $27 million from 1999. Excluding the litigation settlement in 1999, FPL's slight net income growth in 1999 reflected lower depreciation, customer growth and lower O&M expenses partly offset by the effect of the rate reduction and a decline in electricity usage per retail customer.

FPL's operating revenues consist primarily of revenues from retail base operations, cost recovery clauses and franchise fees. Revenues from retail base operations were $3.5 billion, $3.5 billion and $3.8 billion in 2000, 1999 and 1998, respectively. Revenues from cost recovery clauses and franchise fees represent a pass-through of costs and do not significantly affect net income. Fluctuations in these revenues are primarily driven by changes in energy sales, fuel prices and capacity charges. Due to higher than projected oil and natural gas prices in 2000, the Florida Public Service Commission (FPSC) approved higher per kwh charges effective June 15, 2000. These additional clause revenues resulted in higher operating revenues. Later in the year, the FPSC approved FPL's annual fuel filing for 2001, which included an estimate of under-recovered fuel costs in 2000 of $518 million. FPL will recover the $518 million over a two-year period beginning January 2001, rather than the typical one-year time frame. FPL has also agreed that instead of receiving a return at the commercial paper rate on this unrecovered portion through the fuel and purchased power cost recovery clause (fuel clause), the under-recovery will be included as a rate base regulatory asset over the two-year recovery period. Actual under-recovered fuel costs through December 31, 2000 exceeded the estimates made earlier in the year by $78 million, and in February 2001, FPL requested the FPSC to approve a fuel adjustment increase effective April 2001 to recover the additional $78 million of under-recovered fuel costs. See Note 1 — Regulation.

In 1999, the FPSC approved a three-year agreement among FPL, the State of Florida Office of Public Counsel, The Florida Industrial Power Users Group and The Coalition for Equitable Rates regarding FPL's retail base rates, authorized regulatory return on equity (ROE), capital structure and other matters. The agreement, which became effective April 15, 1999, provides for a $350 million reduction in annual revenues from retail base operations allocated to all customers on a cents-per-kilowatt-hour basis. Additionally, the agreement sets forth a revenue sharing mechanism for each of the twelve month periods covered by the agreement, whereby revenues from retail base operations in excess of a stated threshold are required to be shared on the basis of two-thirds refunded to retail customers and one-third retained by FPL. Revenues from retail base operations in excess of a second threshold are required to be refunded 100% to retail customers.

The refund thresholds are as follows:

(millions) Twelve Months Ended April 14,	2000	2001	2002
$66\frac{2}{3}$% to customers	$3,400	$3,450	$3,500
100% to customers	$3,556	$3,606	$3,656

continued from page 23

During 2000, FPL accrued approximately $60 million relating to refunds to retail customers compared to $20 million in 1999. Furthermore, FPL refunded in 2000 approximately $23 million, including interest, to retail customers for the first twelve-month period under the rate agreement. At December 31, 2000 and 1999, the accrual for the revenue refund was approximately $57 million and $20 million, respectively.

The earnings effect of the annual revenue reduction was offset by lower special depreciation. The agreement allows for special depreciation of up to $100 million, at FPL's discretion, in each year of the three-year agreement period to be applied to nuclear and/or fossil generating assets. Under this new depreciation program, FPL recorded $100 million of special depreciation in the first twelve-month period and $71 million through December 31, 2000 of the second twelve-month period. On a fiscal year basis, FPL recorded approximately $101 million and $70 million of special depreciation in 2000 and 1999, respectively. The new depreciation program replaced a revenue-based special amortization program whereby special amortization in the amount of $63 million and $378 million was recorded in 1999 and 1998, respectively. See Note 1 — Electric Plant, Depreciation and Amortization.

The agreement also lowered FPL's authorized regulatory ROE range to 10% – 12%. During the term of the agreement, the achieved ROE may from time to time be outside the authorized range, and the revenue sharing mechanism described above is specified to be the appropriate and exclusive mechanism to address that circumstance. FPL reported an ROE of 12.2%, 12.1% and 12.6% in 2000, 1999 and 1998, respectively. See Note 1 — Revenues and Rates.

Revenues from retail base operations were flat during 2000. Customer growth of 2.5% and a 1.9% increase in electricity usage per retail customer was almost entirely offset by the effect of the rate reduction.

The decline in retail base revenues in 1999 was largely due to the rate reduction. A 2.8% decline in electricity usage per retail customer, mainly due to milder weather conditions, was almost entirely offset by the 2.0% increase in the number of customer accounts.

FPL's O&M expenses continued to decline in 2000 due to improved productivity. O&M expenses in 1999 also declined as a result of continued cost control efforts partially offset by higher overhaul costs at fossil plants.

Interest charges increased in 2000 reflecting increased debt activity to fund FPL's capital expansion program and under-recovered fuel costs. Lower interest charges in 1999 and 1998 reflect lower average debt balances and the full amortization in 1998 of deferred costs associated with debt reacquired through 1998.

The electric utility industry is facing increasing competitive pressure. FPL currently faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources and self-generation for other customer groups, primarily industrial customers. In 2000, operating revenues from wholesale and industrial customers combined represented approximately 4% of FPL's total operating revenues. A number of potential merchant plants have been announced in Florida over the past several years. Five of these announced merchant plants totaling 3,700 megawatts (mw) have presented submissions to seek a determination of need to the FPSC. In March 1999, the FPSC approved one of the petitions for a power plant to be constructed within FPL's service territory. FPL, along with other Florida utilities, appealed the decision to the Florida Supreme Court. In April 2000, the Florida Supreme Court upheld arguments by FPL and other Florida utilities and ruled that under current Florida law the FPSC is not authorized to grant a determination of need for a proposed power plant, the output of which is not fully committed to use by Florida retail customers. In March 2001, the United States Supreme Court denied a petition for certiorari review by one of the petitioners. See Note 1 — Regulation.

In 2000, the Governor of Florida signed an executive order creating the Energy 2020 Study Commission to propose an energy plan and strategy for Florida. The order required that recommendations be made to the legislature and Governor by December 1, 2001. The commission chose to split the energy study between wholesale and retail competition. In January 2001, the commission issued an interim report containing a proposal for restructuring Florida's wholesale market for electricity. The proposal recommends the removal of statutory barriers to entry for merchant plants and, according to the report, provides a transition to a "level playing field" for all generating assets. Under the commission's proposal, investor-owned utilities such as FPL would establish, and transfer their generating assets to, affiliated exempt wholesale generators, which would also construct and operate new generating assets. The investor-owned load-serving utilities, such as FPL, would acquire energy resources through competitive bidding, negotiated contracts or from the short-term (spot) market. Purchases from affiliated exempt wholesale generators would be pursuant to a competitive bidding process. The proposal includes a number of features, including a three-year retail base rate freeze. The proposal may be addressed in the next legislative session which takes place in March through May 2001. In addition, the FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. The commission will now consider recommendations for the retail market.

In 1999, the FERC issued its final order on regional transmission organizations (RTOs). RTOs, under a variety of structures, provide for the independent operation of transmission systems for a given geographic area. The final order establishes guidelines for public utilities to use in considering and/or developing plans to initiate operations of RTOs by December 15, 2001. In October 2000, FPL, together with Florida Power Corporation and Tampa Electric Company, filed a joint proposal to form a fully independent for-profit transmission company that would be responsible for the transmission lines that carry electricity from power plants primarily within the state to substations in Florida. The October filing was supplemented by a December 2000 filing that provided certain operational details of the proposed RTO.

Under the proposed form of RTO, FPL would contribute its transmission assets to an independent transmission company, GridFlorida LLC (GridFlorida) that would own and operate the system. A separate corporation would be formed to own the voting interest in and manage GridFlorida. In return for its transmission assets, FPL would receive a non-voting ownership interest in GridFlorida, which could be exchanged for non-voting stock of the managing corporation. FPL would account for its interest in GridFlorida using the equity method.

FPL Energy — FPL Energy's earnings continue to benefit from the significant expansion of its independent power generation portfolio, which has more than tripled since 1997 to over 4,100 mw at December 31, 2000. In 2000, Lamar Power Partners, a natural gas-fired plant in the Central region became operational and added approximately 1,000 mw to FPL Energy's operating portfolio. In 1999, FPL Energy acquired the Maine assets, which totaled 1,159 mw and in 1998, FPL Energy invested in two natural gas-fired plants in the Northeast, adding 295 mw. In addition, approximately 400 mw of wind projects have been added in the West and Central regions since 1997.

In 2000, FPL Energy's net income also benefited from increased revenues generated by the Maine assets as a result of warmer weather and higher prices in the Northeast during May 2000, and lower O&M expenses at Doswell. In 1999, the effect of a $176 million ($104 million after-tax) impairment loss (see Note 10) and higher administrative expenses to accommodate future growth more than offset the benefits of the growing generation portfolio and improved results from Doswell. FPL Energy's 1998 net income includes the effect of a $35 million ($21 million after-tax) charge for the termination of an interest rate swap agreement, which was partly offset by the receipt of a $31 million ($19 million after-tax) settlement relating to a contract dispute.

Deregulation of the electric utility market presents both opportunities and risks for FPL Energy. Opportunities exist for the selective acquisition of generation assets that are being divested under deregulation plans and for the construction and operation of efficient plants that can sell power in competitive markets. Substantially all of the energy produced in 2000 by FPL Energy's independent power projects was sold through power sales agreements with utilities that expire in 2001-28. As competitive wholesale markets become more accessible to other generators, obtaining power sales agreements will become a progressively more competitive process. FPL Energy expects that as its existing power sales agreements expire, more of the energy produced will be sold through shorter-term contracts and into competitive wholesale markets.

Competitive wholesale markets in the United States continue to evolve and vary by geographic region. Revenues from electricity sales in these markets will vary based on the prices obtainable for energy, capacity and other ancillary services. Some of the factors affecting success in these markets include the ability to operate generating assets efficiently, the price and supply of fuel, transmission constraints, competition from new sources of generation, demand growth and exposure to legal and regulatory changes.

FPL Energy has approximately 540 net mw in California, most of which are wind, solar and geothermal qualifying facilities. The output of these projects is sold predominantly under long-term contracts with California utilities. Increases in natural gas prices and an imbalance between power supply and demand, as well as other factors, have contributed to significant increases in wholesale electricity prices in California. Utilities in California had previously agreed to fixed tariffs to their retail customers, which resulted in significant under-recoveries of wholesale electricity purchase costs. FPL Energy's projects have not received the majority of payments due from California utilities since November 2000. On April 6, 2001, Pacific Gas and Electric Company (PG&E) filed for protection under the U.S. Bankruptcy laws. Earnings from projects that sell to PG&E represent approximately 15% of FPL Energy's earnings from California projects. At December 31, 2000, FPL Energy's net investment in California projects was approximately $250 million. It is impossible to predict what the outcome of the situation in California will be.

Corporate and Other — Beginning in 2000, the corporate and other segment includes FPL FiberNet's operating results. FPL FiberNet was formed in January 2000 to enhance the value of FPL Group's fiber-optic network assets that were originally built to support FPL operations. Accordingly, FPL's existing 1,600 miles of fiber-optic lines were transferred to FPL FiberNet in January 2000. In 1999, net income for the corporate and other segment reflects a $149 million ($96 million after-tax) gain on the sale of an investment in Adelphia Communications Corporation common stock, a $108 million ($66 million after-tax) gain recorded by FPL Group Capital Inc (FPL Group Capital) on the redemption of its one-third interest in a cable limited partnership, costs associated with closing a retail marketing business of $11 million ($7 million after-tax) and the favorable resolution of a prior year state tax matter of $10 million ($7 million after-tax). In 1998, net income for the corporate and other segment reflects a $36 million ($25 million after-tax) loss from the sale of Turner Foods Corporation's assets, the cost of terminating an agreement designed to fix interest rates of $26 million ($16 million after-tax) and adjustments relating to prior years' tax matters, including the resolution of a $30 million audit issue with the Internal Revenue Service.

LIQUIDITY AND CAPITAL RESOURCES

FPL Group's capital requirements consist of expenditures to meet increased electricity usage and customer growth of FPL, investment opportunities at FPL Energy and expansion of FPL FiberNet. Capital expenditures of FPL for the 2001-03 period are expected to be approximately $3.3 billion, including $1.1 billion in 2001. As of December 31, 2000, FPL Energy has commitments totaling approximately $380 million, primarily in connection with the

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development and expansion of independent power projects. Subsidiaries of FPL Group, other than FPL, have guaranteed approximately $810 million of prompt performance payments, lease obligations, purchase and sale of power and fuel agreement obligations, debt service payments and other payments subject to certain contingencies. See Note 13 — Commitments.

Debt maturities of FPL Group's subsidiaries will require cash outflows of approximately $1.0 billion through 2005, including $65 million in 2001. It is anticipated that cash requirements for capital expenditures, energy-related investments and debt maturities in 2001 will be satisfied with internally generated funds and debt issuances. Any internally generated funds not required for capital expenditures and current maturities may be used to reduce outstanding debt or repurchase common stock, or for investment. Any temporary cash needs will be met by short-term bank borrowings. In 2000, FPL had $125 million of first mortgage bonds mature and issued $452 million of variable-rate bonds and $500 million of first mortgage bonds. The proceeds from these issuances were used in 2000 to redeem $278 million of variable-rate bonds, $109 million of first mortgage bonds and to repay FPL's short-term borrowings. In 2001, $65 million was used to redeem $49 million of variable-rate bonds and $16 million of first mortgage bonds. Bank lines of credit currently available to FPL Group and its subsidiaries aggregate $3.0 billion.

During 2000, FPL Group repurchased 2.6 million shares of common stock under its share repurchase programs. Under the $570 million share repurchase program authorized in connection with the merger agreement with Entergy, 1,876,500 shares totaling $116 million have been repurchased through January 31, 2001. See Note 2.

FPL self-insures for damage to certain transmission and distribution properties and maintains a funded storm reserve to reduce the financial impact of storm losses. The balance of the storm fund reserve at December 31, 2000 and 1999 was $229 million and $216 million, respectively. Bank lines of credit of $300 million, included in the $3.0 billion above, are also available if needed to provide cash for storm restoration costs. The FPSC has indicated that it would consider future storm losses in excess of the funded reserve for possible recovery from customers.

FPL's charter and mortgage contain provisions which, under certain conditions, restrict the payment of dividends and the issuance of additional unsecured debt, first mortgage bonds and preferred stock. Given FPL's current financial condition and level of earnings, expected financing activities and dividends are not affected by these limitations.

NEW ACCOUNTING RULE

Effective January 1, 2001, FPL Group adopted Financial Accounting Standards No. (FAS) 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by FAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." For information concerning the adoption of FAS 133/138, see Note 1 — Accounting for Derivative Instruments and Hedging Activities.

MARKET RISK SENSITIVITY

Substantially all financial instruments and positions held by FPL Group described below are held for purposes other than trading. Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in interest rates, equity prices or commodity prices over the next year.

Interest rate risk — The special use funds of FPL include restricted funds set aside to cover the cost of storm damage and for the decommissioning of FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities carried at their market value of approximately $1.002 billion and $847 million at December 31, 2000 and 1999, respectively. Adjustments to market value result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. Because the funds set aside for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not expected to begin until at least 2012. At December 31, 2000 and 1999, other investments include $300 million and $291 million, respectively, of investments that are carried at estimated fair value or cost, which approximates fair value.

The following are estimates of the fair value of long-term debt:

(millions)	**2000**		1999	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt[a]	$4,041	$4,080[b]	$3,603	$3,518[b]

(a) Includes current maturities.
(b) Based on quoted market prices for these or similar issues.

Based upon a hypothetical 10% decrease in interest rates, the net fair value of the net liabilities would increase by approximately $84 million at December 31, 2000.

Equity price risk — Included in the special use funds of FPL are marketable equity securities carried at their market value of approximately $511 million and $573 million at December 31, 2000 and 1999, respectively. A hypothetical 10% decrease in the prices quoted by stock exchanges would result in a $51 million reduction in fair value and corresponding adjustment to the related liability accounts based on current regulatory treatment at December 31, 2000.

Commodity price risk — Energy Marketing & Trading (EMT), a division of FPL, and FPL Energy Power Marketing, Inc. (PMI), a subsidiary of FPL Energy, purchase natural gas and oil to be delivered in the future for use as fuel in the generation of electric power. Generation, to the extent not required for FPL's native load customers or under contract by FPL Energy, is also sold for future delivery by EMT and PMI. To manage the risk inherent in fluctuating commodity prices compared to the committed prices, EMT and PMI enter into commodity-based derivative instruments (primarily swaps and futures) to mitigate this risk. The fair value of the net position in commodity-based derivative instruments at December 31, 2000 was a negative $11 million. At December 31, 1999, the fair value of these instruments was insignificant. The effect of a hypothetical 40% decrease in the price of natural gas and a hypothetical 25% decrease in the price of oil would be to change the fair value at December 31, 2000 of these instruments to a negative $32 million.

MANAGEMENT'S REPORT

The management of FPL Group is responsible for the integrity and objectivity of the financial information and representations contained in the consolidated financial statements and other sections of this Annual Report. The consolidated financial statements, which in part are based on informed judgments and estimates made by management, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

To aid in carrying out this responsibility, management maintains a system of internal accounting control, which is established after weighing the cost of such controls against the benefits derived. The overall system of internal accounting control, in the opinion of management, provides reasonable assurance that the assets of FPL Group and its subsidiaries are safeguarded and transactions are executed in accordance with management's authorization and are properly recorded for the preparation of financial statements. In addition, management believes the overall system of internal accounting control provides reasonable assurance that material errors or irregularities would be prevented or detected on a timely basis by employees in the normal course of their duties. Due to the inherent limitations of the effectiveness of any system of internal accounting control, management cannot provide absolute assurance that the objectives of internal accounting control will be met. The system of internal accounting control is supported by written policies and guidelines, the selection and training of qualified employees, an organizational structure that provides an appropriate division of responsibility and a program of internal auditing. To further enhance the internal accounting control environment, management has prepared and distributed to all employees a Code of Conduct which states management's policy on conflict of interest and ethical conduct.

FPL Group's independent auditors, Deloitte & Touche LLP, are engaged to express an opinion on FPL Group's financial statements. Their report is based on procedures believed by them to provide a reasonable basis to support such an opinion.

The Board of Directors pursues its oversight responsibility for financial reporting and accounting through its Audit Committee. This Committee, which is comprised entirely of outside directors, meets periodically with management, the internal auditors and the independent auditors to make inquiries as to the manner in which the responsibilities of each are being discharged. The independent auditors and the internal audit staff have free access to the Committee without management's presence to discuss auditing, internal accounting control and financial reporting matters.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders, FPL Group, Inc.:

We have audited the accompanying consolidated balance sheets of FPL Group, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of FPL Group, Inc. and subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Deloitte & Touche LLP
Certified Public Accountants

Miami, Florida
February 9, 2001, except for the first paragraph of Note 2, as to which the date is April 2, 2001

f i n a n c i a l   i n f o r m a t i o n

consolidated statements of income

FPL Group, Inc.

Years Ended December 31, *(millions, except per share amounts)*	2000	1999	1998
OPERATING REVENUES	$7,082	$6,438	$6,661
OPERATING EXPENSES			
Fuel, purchased power and interchange	2,868	2,365	2,244
Other operations and maintenance	1,257	1,253	1,284
Litigation settlement	—	69	—
Merger-related	67	—	—
Depreciation and amortization	1,032	1,040	1,284
Impairment loss on Maine assets	—	176	—
Taxes other than income taxes	618	615	597
Total operating expenses	5,842	5,518	5,409
OPERATING INCOME	1,240	920	1,252
OTHER INCOME (DEDUCTIONS)			
Interest charges	(278)	(222)	(322)
Preferred stock dividends — FPL	(15)	(15)	(15)
Divestiture of cable investments	—	257	—
Other — net	93	80	28
Total other income (deductions) — net	(200)	100	(309)
INCOME BEFORE INCOME TAXES	1,040	1,020	943
INCOME TAXES	336	323	279
NET INCOME	$ 704	$ 697	$ 664
Earnings per share of common stock (basic and assuming dilution)	$4.14	$4.07	$3.85
Dividends per share of common stock	$2.16	$2.08	$2.00
Average number of common shares outstanding	170	171	173

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated balance sheets

FPL Group, Inc.

December 31, *(millions)*	2000	1999
PROPERTY, PLANT AND EQUIPMENT		
Electric utility plant in service and other property	$ 19,642	$ 18,474
Nuclear fuel under capital lease — net	127	157
Construction work in progress	1,253	923
Less accumulated depreciation and amortization	(11,088)	(10,290)
Total property, plant and equipment — net	9,934	9,264
CURRENT ASSETS		
Cash and cash equivalents	129	361
Customer receivables, net of allowances of $7 each	637	482
Other receivables	246	61
Materials, supplies and fossil fuel inventory — at average cost	370	343
Deferred clause expenses	337	54
Other	62	72
Total current assets	1,781	1,373
OTHER ASSETS		
Special use funds of FPL	1,497	1,352
Other investments	651	611
Other	1,437	841
Total other assets	3,585	2,804
TOTAL ASSETS	$ 15,300	$ 13,441
CAPITALIZATION		
Common shareholders' equity	$ 5,593	$ 5,370
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	3,976	3,478
Total capitalization	9,795	9,074
CURRENT LIABILITIES		
Commercial paper	1,158	339
Current maturities of long-term debt	65	125
Accounts payable	564	407
Customers' deposits	254	284
Accrued interest and taxes	146	182
Deferred clause revenues	70	116
Other	506	417
Total current liabilities	2,763	1,870
OTHER LIABILITIES AND DEFERRED CREDITS		
Accumulated deferred income taxes	1,378	1,079
Deferred regulatory credit — income taxes	107	126
Unamortized investment tax credits	162	184
Storm and property insurance reserve	229	216
Other	866	892
Total other liabilities and deferred credits	2,742	2,497
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 15,300	$ 13,441

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated statements of cash flows

FPL Group, Inc.

Years Ended December 31, (millions)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 704	$ 697	$ 664
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,032	1,040	1,284
Increase (decrease) in deferred income taxes and related regulatory credit	283	(198)	(237)
Deferrals under cost recovery clauses	(810)	55	68
Gain on sale of cable investments	—	(257)	—
Impairment loss on Maine assets	—	176	—
Other — net	(233)	50	(36)
Net cash provided by operating activities	976	1,563	1,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	(1,299)	(861)	(617)
Independent power investments	(507)	(1,540)	(521)
Return of investment and loan repayments-partnerships and joint ventures	24	57	220
Proceeds from the sale of assets	22	198	135
Other — net	(183)	(26)	(12)
Net cash used in investing activities	(1,943)	(2,172)	(795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	947	1,609	343
Retirement of long-term debt	(515)	(584)	(727)
Increase (decrease) in short-term debt	819	229	(24)
Repurchases of common stock	(150)	(116)	(62)
Dividends on common stock	(366)	(355)	(345)
Net cash provided by (used in) financing activities	735	783	(815)
Net increase (decrease) in cash and cash equivalents	(232)	174	133
Cash and cash equivalents at beginning of year	361	187	54
Cash and cash equivalents at end of year	$ 129	$ 361	$ 187
Supplemental Disclosures of Cash Flow Information			
Cash paid for interest (net of amount capitalized)	$ 301	$ 221	$ 308
Cash paid for income taxes	$ 160	$ 573	$ 463
Supplemental Schedule of Noncash Investing and Financing Activities			
Additions to capital lease obligations	$ 43	$ 86	$ 34

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

consolidated statements of shareholders' equity — FPL Group, Inc.

(millions)	Common Stock[a] Shares	Aggregate Par Value	Additional Paid-In Capital	Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Common Shareholders' Equity
Balances, December 31, 1997	182	$ 2	$3,302	$(264)	$ 1	$1,804	
Net income	—	—	—	—	—	664	
Repurchases of common stock	(1)	—	(62)	—	—	—	
Dividends on common stock	—	—	—	—	—	(345)	
Earned compensation under ESOP	—	—	13	12	—	—	
Other	—	—	(1)	—	—	—	
Balances, December 31, 1998	181[b]	2	3,252	(252)	1	2,123	
Net income	—	—	—	—	—	697	
Repurchases of common stock	(2)	—	(116)	—	—	—	
Dividends on common stock	—	—	—	—	—	(355)	
Earned compensation under ESOP	—	—	12	14	—	—	
Other comprehensive loss	—	—	—	—	(2)	—	
Other	—	—	—	(6)	—	—	
Balances, December 31, 1999	179[b]	2	3,148	(244)	(1)	2,465	$5,370
Net income	—	—	—	—	—	704	
Repurchases of common stock	(3)	—	(150)	—	—	—	
Dividends on common stock	—	—	—	—	—	(366)	
Earned compensation under ESOP	—	—	12	15	—	—	
Other comprehensive income	—	—	—	—	1	—	
Other	—	—	(2)	9	—	—	
Balances, December 31, 2000	176[b]	$ 2	$3,008	$(220)	$—	$2,803	$5,593

(a) $0.01 par value, authorized — 300,000,000 shares; outstanding 175,766,215 and 178,554,735 at December 31, 2000 and 1999, respectively.

(b) Outstanding and unallocated shares held by the Employee Stock Ownership Plan Trust totaled 7 million, 8 million and 9 million at December 31, 2000, 1999 and 1998, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

notes to consolidated financial statements

Years Ended December 31, 2000, 1999 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation — FPL Group, Inc.'s (FPL Group) operations are conducted primarily through Florida Power & Light Company (FPL) and FPL Energy, LLC (FPL Energy). FPL, a rate-regulated public utility, supplies electric service to approximately 3.8 million customers throughout most of the east and lower west coasts of Florida. FPL Energy invests in independent power projects through both controlled and consolidated entities and non-controlling ownership interests in joint ventures accounted for under the equity method.

The consolidated financial statements of FPL Group include the accounts of its majority-owned and controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Regulation — FPL is subject to regulation by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). Its rates are designed to recover the cost of providing electric service to its customers including a reasonable rate of return on invested capital. As a result of this cost-based regulation, FPL follows the accounting practices set forth in Statement of Financial Accounting Standards No. (FAS) 71, "Accounting for the Effects of Certain Types of Regulation." FAS 71 indicates that regulators can create assets and impose liabilities that would not be recorded by unregulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process. The continued applicability of FAS 71 is assessed at each reporting period.

In the event that FPL's generating operations are no longer subject to the provisions of FAS 71, portions of the existing regulatory assets and liabilities that relate to generation would be written off unless regulators specify an alternative means of recovery or refund. Further, other aspects of the business, such as generation assets and long-term power purchase commitments, would need to be reviewed to assess their recoverability in a changed regulatory environment.

The principal regulatory assets and liabilities are as follows:

(millions) December 31,	**2000**	1999
Assets (included in other assets):		
Unamortized debt reacquisition costs	$ 18	$ 12
Deferred Department of Energy assessment	$ 35	$ 39
Under-recovered fuel costs (noncurrent portion)	$259	$ —
Litigation settlement (see Note 12)	$223	$ —
Liabilities:		
Deferred regulatory credit — income taxes	$107	$126
Unamortized investment tax credits	$162	$184
Storm and property insurance reserve (see Note 13 — Insurance)	$229	$216

The amounts presented above exclude clause-related regulatory assets and liabilities that are recovered or refunded over the next twelve-month period. These amounts are included in deferred clause expenses and deferred clause revenues in the consolidated balance sheets. At December 31, 2000, under-recovered fuel costs totaled $596 million, $337 million of which is included in deferred clause expenses and $259 million, the noncurrent portion, is included in other assets. At December 31, 1999, under-recovered fuel costs totaled $54 million and are included in deferred clause expenses. As part of the annual fuel filing for 2001, the FPSC approved FPL's request to recover $518 million of the under-recovered fuel costs over a two-year period beginning January 2001, rather than the typical one-year time frame. FPL has also agreed that instead of receiving a return at the commercial paper rate on this unrecovered portion through the fuel and purchased power cost recovery clause (fuel clause), the under-recovery will be included as a rate base regulatory asset over the two-year recovery period. Actual under-recovered fuel costs through December 31, 2000 exceeded the estimates made earlier in the year by $78 million, and in February 2001, FPL requested the FPSC to approve a fuel adjustment increase effective April 2001 to recover the additional $78 million of under-recovered fuel costs.

Over half of the states, other than Florida, have enacted legislation or have state commissions that issued orders designed to deregulate the production and sale of electricity. By allowing customers to choose their electricity supplier, deregulation is expected to result in a shift from cost-based rates to market-based rates for energy production and other services provided to retail customers. Similar initiatives are also being pursued on the federal level. Although the legislation and initiatives vary substantially, common areas of focus include when market-based pricing will be available for wholesale and retail customers, what existing prudently incurred costs in excess of the market-based price will be recoverable and whether generation assets should be separated from transmission, distribution and other assets. It is generally believed transmission and distribution activities would remain regulated.

In 2000, the Governor of Florida signed an executive order creating the Energy 2020 Study Commission to propose an energy plan and strategy for Florida. The order required that recommendations be made to the legislature and Governor by December 1, 2001. The commission chose to split the energy study between wholesale and retail competition. In January 2001, the commission issued an interim report containing a proposal for restructuring Florida's wholesale market for electricity. The proposal recommends the removal of statutory barriers to entry for merchant plants and, according to the report, provides a transition to a "level playing field" for all generating assets. Under the commission's proposal, investor-owned utilities such as FPL would establish, and transfer their generating assets to, affiliated exempt wholesale generators, which would also construct and operate new generating assets. The investor-owned load-serving utilities, such as FPL, would acquire energy resources through competitive bidding, negotiated contracts or from the short-term (spot) market. Purchases from affiliated exempt wholesale generators would be pursuant to a competitive bidding process. The proposal includes a number of features, including a three-year retail base rate freeze. The proposal may be addressed in the next legislative session which takes place in March through May 2001. In addition, the FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. The commission will now consider recommendations for the retail market.

In 1999, the FERC issued its final order on regional transmission organizations (RTOs). RTOs, under a variety of structures, provide for the independent operation of transmission systems for a given geographic area. The final order establishes guidelines for public utilities to use in considering and/or developing plans to initiate operations of RTOs by December 15, 2001. In October 2000, FPL, together with Florida Power Corporation and Tampa Electric Company, filed a joint proposal to form a fully independent for-profit transmission company that would be responsible for the transmission lines that carry electricity from power plants primarily within the state to substations in Florida. The October filing was supplemented by a December 2000 filing that provided certain operational details of the proposed RTO.

Under the proposed form of RTO, FPL would contribute its transmission assets to an independent transmission company, GridFlorida LLC (GridFlorida), that would own and operate the system. A separate corporation would be formed to own the voting interest in and manage GridFlorida. In return for its transmission assets, FPL would receive a non-voting ownership interest in GridFlorida, which could be exchanged for non-voting stock of the managing corporation. FPL would account for its interest in GridFlorida using the equity method.

Revenues and Rates — FPL's retail and wholesale utility rate schedules are approved by the FPSC and the FERC, respectively. FPL records unbilled base revenues for the estimated amount of energy delivered to customers but not yet billed. Unbilled base revenues are included in customer receivables and amounted to $137 million and $130 million at December 31, 2000 and 1999, respectively. Substantially all of the energy produced by FPL Energy's independent power projects is sold through power sales agreements with utilities and revenue is recorded on a delivered basis.

In 1999, the FPSC approved a three-year agreement among FPL, the State of Florida Office of Public Counsel (Public Counsel), The Florida Industrial Power Users Group (FIPUG) and The Coalition for Equitable Rates (Coalition) regarding FPL's retail base rates, authorized regulatory return on common equity (ROE), capital structure and other matters. The agreement, which became effective April 15, 1999, provides for a $350 million reduction in annual revenues from retail base operations allocated to all customers on a cents-per-kilowatt-hour basis. Additionally, the agreement sets forth a revenue sharing mechanism for each of the twelve month periods covered by the agreement, whereby revenues from retail base operations in excess of a stated threshold are required to be shared on the basis of two-thirds refunded to retail customers and one-third retained by FPL. Revenues from retail base operations in excess of a second threshold are required to be refunded 100% to retail customers.

The refund thresholds are as follows:

(millions) Twelve Months Ended April 14,	2000	2001	2002
66⅔% to customers	$3,400	$3,450	$3,500
100% to customers	$3,556	$3,606	$3,656

The accrual for the refund associated with the revenue sharing mechanism is computed monthly for each twelve-month period of the rate agreement. At the beginning of each twelve-month period, planned revenues are reviewed to determine if it is probable that the threshold will be exceeded. If so, an accrual is recorded each month for a portion of the anticipated refund based on the relative percentage of year-to-date planned revenues to the total estimated revenues for the twelve-month period, plus accrued interest. In addition, if in any month actual revenues are above or below planned revenues, the accrual is increased or decreased as necessary to recognize the effect of this variance on the expected refund amount. The annual refund (including interest) is paid to customers as a credit to their June electric bill. As of December 31, 2000 and 1999, the accrual for the revenue refund was approximately $57 million and $20 million, respectively.

The agreement also lowered FPL's authorized regulatory ROE range to 10% – 12%. During the term of the agreement, the achieved ROE may from time to time be outside the authorized range, and the revenue sharing mechanism described above is specified to be the appropriate and exclusive mechanism to address that circumstance. For purposes of calculating ROE, the agreement establishes a cap on FPL's adjusted equity ratio of 55.83%. The adjusted equity ratio reflects a discounted amount for off-balance sheet obligations under certain long-term purchased power contracts. Finally, the agreement established a new special depreciation program (see Electric Plant, Depreciation and Amortization) and includes provisions which limit depreciation rates and accruals for nuclear decommissioning and fossil dismantlement costs to currently approved levels and limit amounts recoverable under the environmental compliance cost recovery clause during the term of the agreement.

The agreement states that Public Counsel, FIPUG and Coalition will neither seek nor support any additional base rate reductions during the three-year term of the agreement unless such reduction is initiated by FPL. Further, FPL agreed to not petition for any base rate increases that would take effect during the term of the agreement.

FPL's revenues include amounts resulting from cost recovery clauses, certain revenue taxes and franchise fees. Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets utilized by these programs, include substantially all fuel, purchased power and interchange expenses, conservation- and environmental-related expenses and certain revenue taxes. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net under- or over-recovery. Any under-recovered costs or over-recovered revenues are collected from or returned to customers in subsequent periods. See Regulation.

Electric Plant, Depreciation and Amortization — The cost of additions to units of utility property of FPL and FPL Energy is added to electric utility plant. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less net salvage, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. At December 31, 2000, the generating, transmission, distribution and general facilities of FPL represented approximately 45%, 13%, 36% and 6%, respectively, of FPL's gross investment in electric utility plant in service. Substantially all electric utility plant of FPL is subject to the lien of a mortgage securing FPL's first mortgage bonds.

Depreciation of electric property is primarily provided on a straight-line average remaining life basis. FPL includes in depreciation expense a provision for fossil plant dismantlement and nuclear plant decommissioning (see Decommissioning and Dismantlement of Generating Plant). For substantially all of FPL's property, depreciation studies are performed and filed with the FPSC at least every four years. In April 1999, the FPSC granted final approval of FPL's most recent depreciation studies, which were effective January 1, 1998. The weighted annual composite depreciation rate for FPL's electric plant in service was approximately 4.2% for 2000, 4.3% for 1999 and 4.4% for 1998, excluding the effects of decommissioning and dismantlement. Further, these rates exclude the special and plant-related deferred cost amortization discussed below.

The agreement that reduced FPL's base rates (see Revenues and Rates) also allows for special depreciation of up to $100 million, at FPL's discretion, in each year of the three-year agreement period to be applied to nuclear and/or fossil generating assets. Under this new depreciation program, FPL recorded $100 million of special depreciation in the first twelve-month period and $71 million through December 31, 2000 of the second twelve-month period. On a fiscal year basis, FPL recorded approximately $101 million and $70 million of special depreciation in 2000 and 1999, respectively. The new depreciation program replaced a revenue-based special amortization program whereby FPL recorded as depreciation and amortization expense a fixed amount of $9 million in 1999 and $30 million in 1998 for nuclear assets. FPL also recorded under the revenue-based special amortization program variable amortization based on the actual level of retail base revenues compared to a fixed amount. The variable amounts recorded in 1999 and 1998 were $54 million and $348 million, respectively. The 1998 variable amount includes, as depreciation and amortization expense, $161 million for amortization of regulatory assets. The remaining variable amounts were applied against nuclear and fossil production assets. Additionally, FPL completed amortization of certain plant-related deferred costs by recording $24 million in 1998. These costs are considered recoverable costs and are monitored through the monthly reporting process with the FPSC.

Nuclear Fuel — FPL leases nuclear fuel for all four of its nuclear units. Nuclear fuel lease expense was $82 million, $83 million and $83 million in 2000, 1999 and 1998, respectively. Included in this expense was an interest component of $9 million, $8 million and $9 million in 2000, 1999 and 1998, respectively. Nuclear fuel lease payments and a charge for spent nuclear fuel disposal are charged to fuel expense on a unit of production method. These costs are recovered through the fuel clause. Under certain circumstances of lease termination, FPL is required to purchase all nuclear fuel in whatever form at a purchase price designed to allow the lessor to recover its net investment cost in the fuel, which totaled $127 million at December 31, 2000. For ratemaking, these leases are classified as operating leases. For financial reporting, the capital lease obligation is recorded at the amount due in the event of lease termination.

Decommissioning and Dismantlement of Generating Plant — FPL accrues nuclear decommissioning costs over the expected service life of each unit. Nuclear decommissioning studies are performed at least every five years and are submitted to the FPSC for approval. In January 2001, FPL filed updated nuclear decommissioning studies with the FPSC. These studies assume prompt dismantlement for the Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2012 and

2013, respectively. Current plans call for St. Lucie Unit No. 1 to be mothballed beginning in 2016 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 beginning in 2023. These studies also assume that FPL will be storing spent fuel on site pending removal to a U.S. government facility. The studies, which are pending FPSC approval, indicate FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage, to be $6.8 billion. Decommissioning expense accruals included in depreciation and amortization expense, were $85 million in each of the years 2000, 1999 and 1998. FPL's portion of the ultimate cost of decommissioning its four units, expressed in 2000 dollars, is currently estimated to aggregate $1.8 billion. At December 31, 2000 and 1999, the accumulated provision for nuclear decommissioning totaled approximately $1.5 billion and $1.4 billion, respectively, and is included in accumulated depreciation. See Electric Plant, Depreciation and Amortization.

Similarly, FPL accrues the cost of dismantling its fossil fuel plants over the expected service life of each unit. Fossil fuel plant dismantlement studies are performed and filed with the FPSC at least every four years. Fossil fuel plant dismantlement studies were filed in September 1998 and were effective January 1, 1999. The dismantlement studies indicated an estimated reserve deficiency of $38 million, which was recovered through the special amortization program. Fossil dismantlement expense was $14 million in 2000 and $17 million in each of the years 1999 and 1998, and is included in depreciation and amortization expense. FPL's portion of the ultimate cost to dismantle its fossil units is $482 million. At December 31, 2000 and 1999, the accumulated provision for fossil dismantlement totaled $246 million and $232 million, respectively, and is included in accumulated depreciation. See Electric Plant, Depreciation and Amortization.

Restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units are included in special use funds of FPL. Securities held in the decommissioning fund are carried at market value with market adjustments resulting in a corresponding adjustment to the accumulated provision for nuclear decommissioning. See Note 4 — Special Use Funds. Contributions to the funds are based on current period decommissioning expense. Additionally, fund earnings, net of taxes are reinvested in the funds. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

Accrual for Major Maintenance Costs — Consistent with regulatory treatment, FPL's estimated nuclear maintenance costs for each nuclear unit's next planned outage are accrued over the period from the end of the last outage to the end of the next planned outage. The accrual for nuclear maintenance costs at December 31, 2000 and 1999 totaled $31 million and $42 million, respectively, and is included in other liabilities. Any difference between the estimated and actual costs are included in O&M expenses when known.

FPL Energy's estimated major maintenance costs for each unit's next planned outage are accrued over the period from the end of the last outage to the end of the next planned outage. The accrual for FPL Energy's major maintenance costs totaled $33 million at both December 31, 2000 and 1999. Any difference between the estimated and actual costs are included in O&M expenses when known.

Construction Activity — In accordance with FPSC guidelines, FPL has elected not to capitalize interest or a return on common equity on construction projects. The cost of these construction projects is allowed as an element of rate base. FPL Group's unregulated operations capitalize interest on construction projects.

Storm and Property Insurance Reserve Fund (storm fund) — The storm fund provides coverage toward storm damage costs and possible retrospective premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. Securities held in the fund are carried at market value with market adjustments resulting in a corresponding adjustment to the storm and property insurance reserve. See Note 4 — Special Use Funds and Note 13 — Insurance. Fund earnings, net of taxes, are reinvested in the fund. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

Other Investments — Included in other investments is FPL Group's participation in leveraged leases of $154 million at both December 31, 2000 and 1999. Additionally, other investments include notes receivable and non-controlling non-majority owned interests in partnerships and joint ventures, essentially all of which are accounted for under the equity method. See Note 4.

Impairment of Long-Lived Assets — FPL Group evaluates on an ongoing basis the recoverability of its assets and related intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable as described in FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." See Note 10.

Cash Equivalents — Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Retirement of Long-Term Debt — The excess of FPL's reacquisition cost over the book value of long-term debt is deferred and amortized to expense ratably over the remaining life of the original issue, which is consistent with its treatment in the ratemaking process. See Regulation. FPL Group Capital Inc (FPL Group Capital) expenses this cost in the period incurred.

Income Taxes — Deferred income taxes are provided on all significant temporary differences between the financial statement and tax bases of assets and liabilities. The deferred regulatory credit – income taxes of FPL represents the revenue equivalent of the difference in accumulated deferred income taxes computed under FAS 109, "Accounting for Income Taxes," as compared to regulatory accounting rules. This amount is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities which resulted in the initial recognition of the deferred tax amount. Investment tax credits (ITC) for FPL are deferred and amortized to income over the approximate lives of the related property in accordance with the regulatory treatment.

Energy Trading — FPL and FPL Energy engage in limited energy trading activities to optimize the value of electricity and fuel contracts, as well as generating facilities. These activities are accounted for at market value. There were no significant open positions in trading activities at December 31, 2000 or 1999. Substantially all of the effects of FPL's trading activities are reported net and passed through to customers in the fuel clause or capacity cost recovery clause (capacity clause). FPL Energy's trading activities are reflected gross in operating revenues and fuel expense in the consolidated statements of income.

Accounting for Derivative Instruments and Hedging Activities — Effective January 1, 2001, FPL Group adopted FAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by FAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." The statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. In January 2001, FPL recorded an initial adjustment to record the fair values of instruments not previously reported on the balance sheet, resulting in derivative liabilities of $5 million, with the net offsetting amount recorded as a deferred regulatory asset. Subsequent changes in the fair values of FPL's derivative instruments will also be deferred in a regulatory asset or liability until the contracts are settled. Upon settlement, any gains or losses will be passed through the fuel and capacity clauses.

In addition to the amounts recorded by FPL, in January 2001 FPL Energy recorded an initial adjustment to record derivative assets of $37 million, derivative liabilities of $35 million and an increase in investments of $11 million. For those contracts where hedge accounting is applied, the adoption of the new rules resulted in a credit of $10 million to other comprehensive income (in stockholders' equity). FPL Group recorded a $2 million loss as the cumulative effect on earnings of a change in accounting principle representing the effect of those derivative instruments for which hedge accounting was not applied.

In December 2000, the Financial Accounting Standards Board's Derivatives Implementation Group (DIG) discussed several issues related to the power generation industry, but did not reach conclusions on those issues. The ultimate resolution of these issues could result in a requirement to mark certain of FPL Group's power and fuel agreements to their fair market values each reporting period. If these agreements are required to be treated as derivative instruments, the new accounting would first be applied in the quarter following final resolution of the issues. At this time, management is unable to estimate the effects on the financial statements of any future decisions of the Financial Accounting Standards Board or the DIG.

2. MERGER

In July 2000, FPL Group and Entergy announced a proposed merger, which was approved by the shareholders of the respective companies in December 2000. Subsequently, a number of factors led FPL Group to conclude the merger would not achieve the synergies or create the shareholder value originally contemplated when the merger was announced. As a result, on April 1, 2001, FPL Group and Entergy mutually terminated the merger agreement. Both companies agreed that no termination fee is payable under the terms of the merger agreement as a result of this termination. A fee will be payable by FPL Group or Entergy, however, if either agrees with another party to a comparable transaction prior to January 2002. Each company will bear its own merger-related expenses.

In 2000, FPL Group recorded $67 million in merger-related expenses of which FPL recorded $62 million ($38 million after-tax), FPL Energy recorded $2 million ($1 million after-tax) and Corporate and Other recorded $3 million ($2 million after-tax).

3. EMPLOYEE RETIREMENT BENEFITS

FPL Group and its subsidiaries sponsor a noncontributory defined benefit pension plan and defined benefit postretirement plans for health care and life insurance benefits (other benefits) for substantially all employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations, fair value of assets and a statement of the funded status:

(millions)	Pension Benefits		Other Benefits	
	2000	1999	**2000**	1999
Change in benefit obligation:				
Obligation at October 1 of prior year	$1,178	$1,173	$ 335	$ 345
Service cost	44	46	5	6
Interest cost	77	71	22	21
Participant contributions	—	—	1	2
Plan amendments	6	—	—	—
Actuarial (gains) losses — net	(20)	(38)	4	(24)
Acquisitions	—	4	—	2
Benefit payments	(80)	(78)	(17)	(17)
Obligation at September 30	1,205	1,178	350	335
Change in plan assets:				
Fair value of plan assets at October 1 of prior year	2,555	2,329	111	115
Actual return on plan assets	284	310	7	12
Participant contributions	—	—	1	2
Benefit payments and expenses	(89)	(84)	(21)	(18)
Fair value of plan assets at September 30	2,750	2,555	98	111
Funded Status:				
Funded status at September 30	1,545	1,377	(252)	(224)
Unrecognized prior service cost	(76)	(89)	—	—
Unrecognized transition (asset) obligation	(93)	(117)	42	45
Unrecognized (gain) loss	(993)	(900)	15	7
Prepaid (accrued) benefit cost at December 31	$ 383	$ 271	$(195)	$ (172)

The following table provides the components of net periodic benefit cost for the plans:

(millions)	Pension Benefits			Other Benefits		
Years ended December 31,	**2000**	1999	1998	**2000**	1999	1998
Service cost	$ 44	$ 46	$ 45	$ 5	$ 6	$ 6
Interest cost	77	71	75	21	21	21
Expected return on plan assets	(172)	(156)	(149)	(7)	(7)	(8)
Amortization of transition (asset) obligation	(23)	(23)	(23)	4	3	3
Amortization of prior service cost	(7)	(8)	(8)	—	—	—
Amortization of losses (gains)	(31)	(22)	(21)	—	1	1
Effect of Maine acquisition	—	—	—	—	2	—
Net periodic (benefit) cost	$(112)	$ (92)	$ (81)	$ 23	$ 26	$ 23

The weighted-average discount rate used in determining the benefit obligations was 6.75% and 6.5% for 2000 and 1999, respectively. The assumed level of increase in future compensation levels was 5.5% for all years. The expected long-term rate of return on plan assets was 7.75% for all years.

Based on the current discount rates and current health care costs, the projected 2001 trend assumptions used to measure the expected cost of benefits covered by the plans are 5.8% for persons up to age 65 and 5.4% thereafter. The rate is assumed to decrease over the next two years to the ultimate trend rate of 5% for all age groups and remain at that level thereafter.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans. A 1% increase or decrease in assumed health care cost trend rates would have a corresponding effect on the service and interest cost components and the accumulated obligation of other benefits of approximately $1 million and $13 million, respectively.

4. FINANCIAL INSTRUMENTS

The carrying amounts of cash equivalents and commercial paper approximate their fair values. At December 31, 2000 and 1999, other investments include $300 million and $291 million, respectively, of investments that are carried at estimated fair value or cost, which approximates fair value. The following estimates of the fair value of financial instruments have been made using available market information and other valuation methodologies. However, the use of different market assumptions or methods of valuation could result in different estimated fair values.

(millions) December 31,	**2000**		1999	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long-term debt, including current maturities	$4,041	$4,080[a]	$3,603	$3,518[a]

(a) Based on quoted market prices for these or similar issues.

Special Use Funds — The special use funds consist of storm fund assets totaling $140 million and $131 million, and decommissioning fund assets totaling $1.357 billion and $1.220 billion at December 31, 2000 and 1999, respectively. Securities held in the special use funds are carried at estimated fair value based on quoted market prices. The nuclear decommissioning fund consists of approximately 40% equity securities and 60% municipal, government, corporate and mortgage- and other asset-backed debt securities with a weighted-average maturity of approximately nine years. The storm fund primarily consists of municipal debt securities with a weighted-average maturity of approximately four years. The cost of securities sold is determined on the specific identification method. The funds had approximate realized gains of $8 million and approximate realized losses of $15 million in 2000, $32 million and $22 million in 1999 and $24 million and $4 million in 1998, respectively. The funds had unrealized gains of approximately $258 million and $286 million at December 31, 2000 and 1999, respectively; the unrealized losses at those dates were approximately $4 million and $17 million. The proceeds from the sale of securities in 2000, 1999 and 1998 were approximately $2.0 billion, $2.7 billion and $1.2 billion, respectively.

5. COMMON STOCK

Common Stock Dividend Restrictions — FPL Group's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of FPL Group to pay dividends on its common stock is dependent upon dividends paid to it by its subsidiaries, primarily FPL. FPL's charter and a mortgage securing FPL's first mortgage bonds contain provisions that, under certain conditions, restrict the payment of dividends and other distributions to FPL Group. These restrictions do not currently limit FPL's ability to pay dividends to FPL Group. In 2000, 1999 and 1998, FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis.

Employee Stock Ownership Plan (ESOP) — The employee thrift plans of FPL Group include a leveraged ESOP feature. Shares of common stock held by the Trust for the thrift plans (Trust) are used to provide all or a portion of the employers' matching contributions. Dividends received on all shares, along with cash contributions from the employers, are used to pay principal and interest on an ESOP loan held by FPL Group Capital. Dividends on shares allocated to employee accounts and used by the Trust for debt service are replaced with an equivalent amount of shares of common stock at prevailing market prices.

ESOP-related compensation expense of approximately $22 million, $21 million and $19 million in 2000, 1999 and 1998, respectively, was recognized based on the fair value of shares allocated to employee accounts during the period. Interest income on the ESOP loan is eliminated in consolidation. ESOP-related unearned compensation included as a reduction of shareholders' equity at December 31, 2000 was approximately $217 million, representing 7 million unallocated shares at the original issue price of $29 per share. The fair value of the ESOP-related unearned compensation account using the closing price of FPL Group stock as of December 31, 2000 was approximately $538 million.

Long-Term Incentive Plan — As of December 31, 2000, approximately 9 million shares of common stock are reserved and available for awards to officers and employees of FPL Group and its subsidiaries under FPL Group's long-term incentive plan. Restricted stock is issued at market value at the date of grant, typically vests within four years and is subject to, among other things, restrictions on transferability. Performance share awards are typically payable at the end of a three- or four-year performance period and are subject to risk of forfeiture if the specified performance criteria is not met within the vesting period. The changes in share awards under the incentive plan are as follows:

			Options[a]	
	Restricted Stock	Performance Shares[a]	Number	Weighted-Average Exercise Price
Balances, December 31, 1997	219,550	442,588	—	—
Granted	19,500[b]	178,518[c]	—	—
Paid/released	—	(80,920)	—	—
Forfeited	(22,250)	(29,566)	—	—
Balances, December 31, 1998	216,800	510,620	—	—
Granted	210,100[b]	294,662[c]	1,300,000[d]	$51.53
Paid/released	—	(78,640)	—	—
Forfeited	(13,500)	(80,027)	(200,000)	$51.16
Balances, December 31, 1999	413,400	646,615	1,100,000	$51.59
Granted	28,350[b]	465,614[c]	564,950[d]	$39.64
Paid/released/exercised	(264,800)	(1,038,375)	(1,060,726)	$49.88
Forfeited	(95,700)	(54,854)	(212,056)	$50.51
Balances, December 31, 2000	81,250	19,000	392,168[e]	$39.58

(a) *Performance shares and options resulted in 373,431, 252,572 and 128,443 assumed incremental shares of common stock outstanding for purposes of computing diluted earnings per share in 2000, 1999 and 1998, respectively. These incremental shares did not change basic earnings per share.*
(b) *The weighted-average grant date fair value of restricted stock granted in 2000, 1999 and 1998 was $45.55, $53.21 and $61.89 per share, respectively.*
(c) *The weighted-average grant date fair value of performance shares granted in 2000, 1999 and 1998 was $41.25, $61.19 and $59.19 per share, respectively.*
(d) *The weighted-average grant date fair value of options granted was $39.64 and $51.53 per share in 2000 and 1999, respectively. The exercise price of each option granted in 2000 and 1999 equaled the market price of FPL Group stock on the date of grant.*
(e) *Exercise prices for options outstanding as of December 31, 2000, ranged from $38.13 to $47.63 per share and had a weighted-average remaining contractual life of 9.2 years. As of December 31, 2000, all outstanding options were exercisable and fully vested.*

FAS 123, "Accounting for Stock-Based Compensation," encourages a fair value based method of accounting for stock-based compensation. FPL Group, however, uses the intrinsic value based method of accounting as permitted by the statement. Stock-based compensation expense was approximately $80 million, $13 million and $10 million in 2000, 1999 and 1998, respectively. Stock-based compensation expense in 2000 reflects merger-related costs associated with the change in control provisions in FPL Group's long-term incentive plan. Compensation expense for restricted stock and performance shares is the same under the fair value and the intrinsic value based methods. Had compensation expense for the options been determined as prescribed by the fair value based method, FPL Group's net income and earnings per share would have been $696 million and $4.10 ($4.09 assuming dilution) in 2000 and $696 million and $4.06 in 1999, respectively.

The fair value of the options granted in 2000 and 1999 were estimated on the date of the grant using the Black-Scholes option-pricing model with a weighted-average expected dividend yield of 3.82% and 3.81%, a weighted-average expected volatility of 20.27% and 17.88%, a weighted-average risk-free interest rate of 6.59% and 5.46% and a weighted-average expected term of 10 years and 9.3 years, respectively.

Other — Each share of common stock has been granted a Preferred Share Purchase Right (Right), at an exercise price of $120, subject to adjustment, in the event of certain attempted business combinations. The Rights will cause substantial dilution to a person or group attempting to acquire FPL Group on terms not approved by FPL Group's board of directors.

6. PREFERRED STOCK

FPL Group's charter authorizes the issuance of 100 million shares of serial preferred stock, $0.01 par value. None of these shares is outstanding. FPL Group has reserved 3 million shares for issuance upon exercise of preferred share purchase rights which expire in June 2006. Preferred stock of FPL consists of the following:[(a)]

	December 31, 2000			(millions) December 31,
	Shares Outstanding	Redemption Price	2000	1999
Cumulative, $100 Par Value, without sinking fund requirements, authorized 15,822,500 shares:				
4½% Series	100,000	$101.00	$ 10	$ 10
4½% Series A	50,000	$101.00	5	5
4½% Series B	50,000	$101.00	5	5
4½% Series C	62,500	$103.00	6	6
4.32% Series D	50,000	$103.50	5	5
4.35% Series E	50,000	$102.00	5	5
6.98% Series S	750,000	$103.49[(b)]	75	75
7.05% Series T	500,000	$103.52[(b)]	50	50
6.75% Series U	650,000	$103.37[(b)]	65	65
Total preferred stock of FPL	2,262,500		$226	$226

(a) FPL's charter also authorizes the issuance of 5 million shares of subordinated preferred stock, no par value. None of these shares is outstanding. There were no issuances or redemptions of preferred stock in 2000, 1999 and 1998.

(b) Not callable prior to 2003.

7. DEBT

Long-term debt consists of the following:

(millions) December 31,	2000	1999
FPL		
First mortgage bonds:		
Maturing through 2005 — 5⅝% to 6⅞%[(a)]	$ 725	$ 350
Maturing 2008 through 2016 — 5⅞% to 7.3%	650	650
Maturing 2023 through 2026 — 7% to 7¾%	516	516
Medium-term notes — maturing 2003 — 5.79%	70	70
Pollution control and industrial development series — maturing 2020 through 2027 — 6.7% to 7.5%	41	150
Pollution control, solid waste disposal and industrial development revenue bonds — maturing 2020 through 2029 — variable, 3.4% and 3.4% average annual interest rate, respectively[(b)]	658	483
Unamortized discount — net	(18)	(15)
Total long-term debt of FPL	2,642	2,204
Less current maturities	65	125
Long-term debt of FPL, excluding current maturities	2,577	2,079
FPL Group Capital		
Debentures:		
Maturing 2004 — 6⅞%	175	175
Maturing 2006 through 2009 — 7⅜% to 7⅝%	1,225	1,225
Other long-term debt — maturing 2013 — 7.35%	5	5
Unamortized discount	(6)	(6)
Total long-term debt of FPL Group Capital	1,399	1,399
Total long-term debt	$3,976	$3,478

(a) In December 2000, FPL issued $500 million principal amount of first mortgage bonds with an interest rate of 6⅞%, maturing in 2005.

(b) In December 2000, FPL issued approximately $65 million principal amount of variable-rate bonds maturing in 2024. Also in December 2000, FPL redeemed a total of approximately $242 million principal amount of variable-rate bonds maturing between 2026 and 2029.

Minimum annual maturities of long-term debt for FPL Group are approximately $65 million, $170 million, $300 million and $500 million for 2001, 2003, 2004 and 2005, respectively.

At December 31, 2000, commercial paper borrowings had a year end weighted-average interest rate of 6.77%. Available lines of credit aggregated approximately $3.0 billion at December 31, 2000, all of which were based on firm commitments.

8. INCOME TAXES

The components of income taxes are as follows:

(millions) Years Ended December 31,	2000	1999	1998
Federal:			
Current	$ 77	$511	$467
Deferred	239	(196)	(215)
ITC and other — net	(35)	(29)	(27)
Total federal	281	286	225
State:			
Current	6	55	72
Deferred	49	(18)	(18)
Total state	55	37	54
Total income taxes	$336	$323	$279

A reconciliation between the effective income tax rates and the applicable statutory rates is as follows:

Years Ended December 31,	2000	1999	1998
Statutory federal income tax rate	35.0%	35.0%	35.0%
Increases (reductions) resulting from:			
State income taxes — net of federal income tax benefit	3.5	2.4	3.7
Amortization of ITC	(2.1)	(2.1)	(2.5)
Amortization of deferred regulatory credit — income taxes	(1.2)	(1.3)	(1.8)
Adjustments of prior years' tax matters	(2.7)	(2.7)	(6.3)[a]
Preferred stock dividends — FPL	0.5	0.5	0.5
Other — net	(0.7)	(0.2)	1.0
Effective income tax rate	32.3%	31.6%	29.6%

(a) *Includes the resolution of an audit issue with the Internal Revenue Service (IRS).*

The income tax effects of temporary differences giving rise to consolidated deferred income tax liabilities and assets are as follows:

(millions) December 31,	2000	1999
Deferred tax liabilities:		
Property-related	$1,338	$1,377
Investment-related	398	373
Other	630	312
Total deferred tax liabilities	2,366	2,062
Deferred tax assets and valuation allowance:		
Asset writedowns and capital loss carryforward	156	170
Unamortized ITC and deferred regulatory credit — income taxes	104	119
Storm and decommissioning reserves	277	245
Other	474	472
Valuation allowance	(23)	(23)
Net deferred tax assets	988	983
Accumulated deferred income taxes	$1,378	$1,079

The carryforward period for a capital loss from the disposition in a prior year of an FPL Group Capital subsidiary expired at the end of 1996. The amount of the deductible loss from this disposition was limited by IRS rules. FPL Group is challenging the IRS loss limitation and the IRS is disputing certain other positions taken by FPL Group. Tax benefits, if any, associated with these matters will be reported in future periods when resolved.

9. JOINTLY-OWNED ELECTRIC UTILITY PLANT

FPL owns approximately 85% of St. Lucie Unit No. 2, 20% of the St. Johns River Power Park units and coal terminal and approximately 76% of Scherer Unit No. 4. At December 31, 2000, the proportionate share of FPL's gross investment in these units was $1.174 billion, $329 million and $569 million, respectively; accumulated depreciation was $752 million, $167 million and $288 million, respectively.

FPL is responsible for its share of the operating costs, as well as providing its own financing. These costs are included in the consolidated statements of income. At December 31, 2000, there was no significant balance of construction work in progress on these facilities. See Note 13 — Litigation.

10. ACQUISITION OF MAINE ASSETS

During the second quarter of 1999, FPL Energy completed the purchase of Central Maine Power Company's (CMP) non-nuclear generating assets, primarily fossil and hydro power plants, for $866 million. The purchase price was based on an agreement, subject to regulatory approvals, reached with CMP in January 1998. In October 1998, the FERC struck down transmission rules that had been in effect in New England since the 1970s. FPL

Energy filed a lawsuit in November 1998 requesting a declaratory judgment that CMP could not meet the essential terms of the purchase agreement and, as a result, FPL Energy should not be required to complete the transaction. FPL Energy believed these FERC rulings regarding transmission constituted a material adverse effect under the purchase agreement because of the significant decline in the value of the assets caused by the rulings. The request for declaratory judgment was denied in March 1999 and the acquisition was completed on April 7, 1999. The acquisition was accounted for under the purchase method of accounting and the results of operating the Maine plants have been included in the consolidated financial statements since the acquisition date.

The FERC rulings regarding transmission, as well as the announcement of new entrants into the market and changes in fuel prices since January 1998, resulted in FPL Energy recording a $176 million pre-tax impairment loss to write-down the fossil assets to their fair value, which was determined based on a discounted cash flow analysis. The impairment loss reduced 1999 results of operations and earnings per share by $104 million and $0.61 per share, respectively.

Most of the remainder of the purchase price was allocated to the hydro operations. The hydro plants and related goodwill are being amortized on a straight-line basis over the 40-year term of the hydro plant operating licenses.

11. DIVESTITURE OF CABLE INVESTMENTS

In January 1999, a subsidiary sold 3.5 million common shares of Adelphia Communications Corporation (Adelphia) stock and in October 1999 had its one-third ownership interest in a cable limited partnership redeemed, resulting in after-tax gains of approximately $96 million and $66 million, respectively. Both investments had been accounted for under the equity method.

12. SETTLEMENT OF LITIGATION

In October 1999, FPL and the Florida Municipal Power Agency (FMPA) entered into a settlement agreement pursuant to which FPL agreed to pay FMPA a cash settlement; FPL agreed to reduce the demand charge on an existing power purchase agreement; and FPL and FMPA agreed to enter into a new power purchase agreement giving FMPA the right to purchase limited amounts of power in the future at a specified price. FMPA agreed to dismiss the lawsuit with prejudice, and both parties agreed to exchange mutual releases. The settlement reduced 1999 net income by $42 million.

In September 2000, the bankruptcy court approved the settlement of a contract dispute between FPL and two qualifying facilities. The settlement was approved by the FPSC in October 2000. In December 2000, under the terms of the settlement, the trustee was paid $222.5 million plus security deposits. The funds were subsequently distributed by the trustee as directed by the bankruptcy court. FPL will recover the cost of the settlement through the fuel and capacity clauses over a five-year period beginning January 1, 2002. Also, from the payment date to December 31, 2001, FPL will not receive a return on the unrecovered amount through the fuel and capacity clauses, but instead, the settlement amount will be included as a rate base regulatory asset over that period. See Note 1 — Regulation.

13. COMMITMENTS AND CONTINGENCIES

Commitments — FPL has made commitments in connection with a portion of its projected capital expenditures. Capital expenditures for the construction or acquisition of additional facilities and equipment to meet customer demand are estimated to be approximately $3.3 billion for 2001 through 2003. Included in this three-year forecast are capital expenditures for 2001 of approximately $1.1 billion. As of December 31, 2000, FPL Energy has made commitments in connection with the development and expansion of independent power projects totaling approximately $380 million. Subsidiaries of FPL Group, other than FPL, have guaranteed approximately $810 million of prompt performance payments, lease obligations, purchase and sale of power and fuel agreement obligations, debt service payments and other payments subject to certain contingencies.

Insurance — Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of the insurance available from private sources and under an industry retrospective payment plan. In accordance with this Act, FPL maintains $200 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system under which it is subject to retrospective assessments of up to $363 million per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $43 million per incident per year.

FPL participates in nuclear insurance mutual companies that provide $2.75 billion of limited insurance coverage for property damage, decontamination and premature decommissioning risks at its nuclear plants. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, FPL could be assessed up to $38 million in retrospective premiums.

In the event of a catastrophic loss at one of FPL's nuclear plants, the amount of insurance available may not be adequate to cover property damage and other expenses incurred. Uninsured losses, to the extent not recovered through rates, would be borne by FPL and could have a material adverse effect on FPL Group's financial condition.

FPL self-insures the majority of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. As approved by the FPSC, FPL maintains a funded storm and property insurance reserve, which totaled approximately $229 million at December 31, 2000 for uninsured property storm damage or assessments under the nuclear insurance program. Recovery from customers of any losses in excess of the storm and property insurance reserve will require the approval of the FPSC. FPL's available lines of credit include $300 million to provide additional liquidity in the event of a T&D property loss.

Contracts — FPL Group has entered into a $3.7 billion long-term agreement with General Electric Company for the supply of 66 gas turbines through 2004 and parts, repairs and on-site services through 2011. The turbines are intended to support expansion at FPL and FPL Energy, and the related commitments for a portion of the 66 gas turbines are included in Commitments above.

FPL has entered into long-term purchased power and fuel contracts. Take-or-pay purchased power contracts with the Jacksonville Electric Authority (JEA) and with subsidiaries of The Southern Company (Southern Companies) provide approximately 1,300 megawatts (mw) of power through mid-2010 and 388 mw thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 900 mw from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2002 through 2026. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has long-term contracts for the transportation and supply of natural gas, coal and oil with various expiration dates through 2022. FPL Energy has long-term contracts for the transportation and storage of natural gas with expiration dates ranging from 2002 through 2017, and a contract for the supply of natural gas that expires in mid-2002.

The required capacity and minimum payments through 2005 under these contracts are estimated to be as follows:

(millions)	2001	2002	2003	2004	2005
FPL					
Capacity payments:					
JEA and Southern Companies	$ 200	$ 200	$ 190	$ 200	$ 200
Qualifying facilities	$ 320	$ 330	$ 340	$ 350	$ 340
Minimum payments, at projected prices:					
Natural gas, including transportation	$1,020	$ 815	$ 710	$ 680	$ 630
Coal	$ 45	$ 45	$ 20	$ 10	$ 10
Oil	$ 275	$ 15	$ —	$ —	$ —
FPL Energy					
Natural gas, including transportation and storage	$ 20	$ 20	$ 15	$ 15	$ 15

Charges under these contracts were as follows:

(millions)	**2000 Charges**		1999 Charges		1998 Charges	
	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel	Capacity	Energy/ Fuel
FPL						
JEA and Southern Companies	$198[a]	$153[b]	$186[a]	$132[b]	$192[a]	$138[b]
Qualifying facilities	$318[c]	$135[b]	$319[c]	$121[b]	$299[c]	$108[b]
Natural gas, including transportation	$ —	$567[b]	$ —	$373[b]	$ —	$280[b]
Coal	$ —	$ 50[b]	$ —	$ 43[b]	$ —	$ 50[b]
Oil	$ —	$354[b]	$ —	$115[b]	$ —	$ —
FPL Energy						
Natural gas, including transportation and storage	$ —	$ 17	$ —	$ 16	$ —	$ 18

(a) Recoverable through base rates and the capacity clause.
(b) Recoverable through the fuel clause.
(c) Recoverable through the capacity clause.

Litigation — In 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA) brought an action against Georgia Power Company and other subsidiaries of The Southern Company for injunctive relief and the assessment of civil penalties for certain violations of the Clean Air Act. Among other things, the EPA alleges Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns a 76% interest, without obtaining proper permitting, and without complying with performance and technology standards as required by the Clean Air Act. The suit seeks injunctive relief requiring the installation of such technology and civil penalties of up to $25,000 per day for each violation from an unspecified date after August 7, 1977 through January 30, 1997, and $27,500 per day for each violation thereafter. Georgia Power Company has filed an answer to the complaint asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. The EPA subsequently moved for leave to file an amended complaint that would extend the suit to other Southern Company subsidiaries and plants and would add an allegation that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions (comparable allegations were made in the original complaint as to other plants but not Scherer Unit No. 4). The Court has not yet ruled on whether to permit the amendment. If amended as proposed, the EPA's demand for civil penalties with respect to Scherer Unit No. 4 would apply to the period commencing on an unspecified date after June 1, 1975.

In 2000, Southern California Edison Company (SCE) filed with the FERC a Petition for Declaratory Order (petition) asking the FERC to apply a November 1999 federal circuit court of appeals' decision to all qualifying small power production facilities, including two solar facilities operated by partnerships indirectly owned in part by FPL Energy. The federal circuit court of appeals' decision invalidated the FERC's so-called essential fixed assets standard, which permitted secondary uses of fossil fuels by qualifying small power production facilities beyond those expressly set forth in the Public Utility Regulatory Policies Act of 1978, as amended. The petition requests that the FERC declare that qualifying small power production facilities may not continue to use fossil fuel under the essential fixed assets standard and that they may be required to make refunds with respect to past usage. The partnerships intend to file a Motion to Intervene and Protest before the FERC, vigorously objecting to the position taken by SCE in its petition. The partnerships have always operated the solar facilities in accordance with orders issued by the FERC. Such orders were neither challenged nor appealed at the time they were granted, and it is the position of the partnerships that the orders remain in effect.

In 2000, Karen and Bruce Alexander filed suit against FPL Group, FPL, FPL FiberNet, LLC, FPL Group Capital and FPL Investments, Inc. in the Florida circuit court purportedly on behalf of all property owners in Florida whose property is encumbered by defendants' easements and on whose property the defendants have installed or intend to install fiber-optic cable which defendants lease, license or convey for non-electric transmission or distribution purposes, or intend to do so. The lawsuit alleged that FPL's easements did not permit the installation and use of fiber-optic cable for general communication purposes. The plaintiffs sought injunctive relief, compensatory damages, interest and attorneys' fees. The defendants served an offer of judgment for ten dollars on the named plaintiffs, reflecting the defendants' conclusion that, based on an analysis of the claims and circumstances of these individual plaintiffs, they had not sustained the injuries for which they claimed a right to relief. In January 2001, the plaintiffs accepted this offer of judgment, pursuant to which the suit has been dismissed with prejudice.

FPL Group believes that it has meritorious defenses to the pending litigation discussed above and is vigorously defending the suits. Accordingly, the liabilities, if any, arising from the proceedings are not anticipated to have a material adverse effect on its financial statements.

14. SEGMENT INFORMATION

FPL Group's reportable segments include FPL, a regulated utility, and FPL Energy, a non-rate regulated energy generating subsidiary. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. Operating revenues derived from the sale of electricity represented approximately 97%, 98% and 97% of FPL Group's operating revenues in 2000, 1999 and 1998, respectively. Less than 1% of operating revenues were from foreign sources for each of the three years ended December 31, 2000. As of December 31, 2000 and 1999, less than 1% of long-lived assets were located in foreign countries.

Segment information is as follows:

(millions)	2000				1999				1998			
	FPL	FPL Energy	Corp. and Other	Total	FPL	FPL Energy	Corp. and Other	Total	FPL	FPL Energy	Corp. and Other	Total
Operating revenues	$ 6,361	$ 632	$ 89	$ 7,082	$ 6,057	$ 323	$ 58	$ 6,438	$ 6,366	$ 234	$ 61	$ 6,661
Interest expense	$ 176	$ 67[a]	$ 35	$ 278	$ 163	$ 44[a]	$ 15	$ 222	$ 196	$ 84[a]	$ 42	$ 322
Depreciation and amortization	$ 975	$ 50	$ 7	$ 1,032	$ 989	$ 34	$ 17	$ 1,040	$ 1,249	$ 31	$ 4	$ 1,284
Equity in earnings of equity method investees	$ —	$ 45	$ —	$ 45	$ —	$ 50	$ —	$ 50	$ —	$ 39	$ —	$ 39
Income tax expense (benefit)[b]	$ 341	$ 36	$(41)	$ 336	$ 324	$ (42)	$ 41	$ 323	$ 349	$ 24	$(94)	$ 279
Net income (loss)[d]	$ 607[c]	$ 82[c]	$ 15[c]	$ 704[c]	$ 576	$ (46)	$167	$ 697	$ 616	$ 32	$ 16	$ 664
Significant noncash items	$ (57)	$ —	$100	$ 43	$ 86	$ —	$ —	$ 86	$ 34	$ —	$ —	$ 34
Capital expenditures and investments	$ 1,299	$ 507	$ 90	$ 1,896	$ 924	$1,540	$ 15	$ 2,479	$ 617	$ 313	$ 16	$ 946
Total assets	$12,020	$2,679	$601	$15,300	$10,608	$ 2,212	$621	$13,441	$10,748	$1,092	$189	$12,029
Investment in equity method investees	$ —	$ 196	$ —	$ 196	$ —	$ 166	$ —	$ 166	$ —	$ 165	$ —	$ 165

(a) *Based on an assumed capital structure of 50% debt for operating projects and 100% debt for projects under construction. FPL Energy's 1998 interest expense also includes the cost of terminating an interest rate swap agreement.*
(b) *FPL Group allocates income taxes to FPL Energy on the "separate return method" as if it were a tax paying entity.*
(c) *Includes merger-related expenses of $38 million for FPL, $1 million for FPL Energy and $2 million for Corporate and Other totaling $41 million after-tax (see Note 2).*
(d) *The following nonrecurring items affected 1999 net income: FPL settled litigation for $42 million after-tax (see Note 12); FPL Energy recorded $104 million after-tax impairment loss (see Note 10); and Corporate and Other divested its cable investments resulting in a $162 million after-tax gain (see Note 11).*

15. SUMMARIZED FINANCIAL INFORMATION OF FPL GROUP CAPITAL

FPL Group Capital, a 100% owned subsidiary of FPL Group, provides funding for and holds ownership interest in FPL Group's operating subsidiaries other than FPL. FPL Group Capital's debentures are fully and unconditionally guaranteed by FPL Group. Condensed consolidating financial information is as follows:

condensed consolidating statements of income (millions)

Years ended December 31,	2000				1999				1998			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
Operating revenues	$ —	$ 721	$6,361	$ 7,082	$ —	$ 380	$ 6,058	$ 6,438	$ —	$ 295	$ 6,366	$ 6,661
Operating expenses	(—)	(632)	(5,210)	(5,842)	(—)	(533)	(4,985)	(5,518)	(—)	(225)	(5,184)	(5,409)
Interest charges	(31)	(102)	(145)	(278)	(32)	(59)	(131)	(222)	(33)	(126)	(163)	(322)
Divestiture of cable investments	—	—	—	—	—	257	—	257	—	—	—	—
Other income (deductions) — net	726	135	(783)	78	712	108	(755)	65	689	61	(737)	13
Income before income taxes	695	122	223	1,040	680	153	187	1,020	656	5	282	943
Income tax expense (benefit)	(9)	4	341	336	(17)	15	325	323	(8)	(63)	350	279
Net income (loss)	$ 704	$ 118	$ (118)	$ 704	$697	$ 138	$ (138)	$ 697	$664	$ 68	$ (68)	$ 664

(a) *Represents FPL, other subsidiaries and consolidating adjustments.*

financial information

condensed consolidating balance sheets (millions)

December 31,	2000				1999			
	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated	FPL Group	FPL Group Capital	Other[a]	FPL Group Consolidated
PROPERTY, PLANT AND EQUIPMENT								
Electric utility plant in service and other property	$ —	$1,984	$19,038	$21,022	$ —	$1,386	$18,168	$19,554
Less accumulated depreciation and amortization	—	170	10,918	11,088	—	105	10,185	10,290
Total property, plant and equipment — net	—	1,814	8,120	9,934	—	1,281	7,983	9,264
CURRENT ASSETS								
Cash and cash equivalents	12	51	66	129	(16)	376	1	361
Receivables	56	418	409	883	—	218	325	543
Other	—	66	703	769	—	46	423	469
Total current assets	68	535	1,178	1,781	(16)	640	749	1,373
OTHER ASSETS								
Investment in subsidiaries	5,967	—	(5,967)	—	5,805	—	(5,805)	—
Other	141	1,365	2,079	3,585	133	1,346	1,325	2,804
Total other assets	6,108	1,365	(3,888)	3,585	5,938	1,346	(4,480)	2,804
TOTAL ASSETS	$6,176	$3,714	$ 5,410	$15,300	$5,922	$3,267	$ 4,252	$13,441
CAPITALIZATION								
Common shareholders' equity	$5,593	$ 935	$ (935)	$ 5,593	$5,370	$1,013	$(1,013)	$ 5,370
Preferred stock of FPL without sinking fund requirements	—	—	226	226	—	—	226	226
Long-term debt	—	1,400	2,576	3,976	—	1,399	2,079	3,478
Total capitalization	5,593	2,335	1,867	9,795	5,370	2,412	1,292	9,074
CURRENT LIABILITIES								
Accounts payable and commercial paper	—	705	1,017	1,722	—	273	473	746
Other	467	186	388	1,041	485	141	498	1,124
Total current liabilities	467	891	1,405	2,763	485	414	971	1,870
OTHER LIABILITIES AND DEFERRED CREDITS								
Accumulated deferred income taxes and unamortized tax credits	—	399	1,248	1,647	—	365	1,024	1,389
Other	116	89	890	1,095	67	76	965	1,108
Total other liabilities and deferred credits	116	488	2,138	2,742	67	441	1,989	2,497
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$6,176	$3,714	$ 5,410	$15,300	$5,922	$3,267	$ 4,252	$13,441

(a) Represents FPL, other subsidiaries and consolidating adjustments.

condensed consolidating statements of cash flows (millions)

Years ended December 31,	2000				1999				1998			
	FPL Group	FPL Group Capital	Other(a)	FPL Group Consoli-dated	FPL Group	FPL Group Capital	Other(a)	FPL Group Consoli-dated	FPL Group	FPL Group Capital	Other(a)	FPL Group Consoli-dated
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 959	$ 159	$ (142)	$ 976	$ 594	$ 56	$ 913	$ 1,563	$ 654	$ 8	$1,081	$ 1,743
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures and independent power investments	—	(507)	(1,299)	(1,806)	—	(1,540)	(861)	(2,401)	—	(521)	(617)	(1,138)
Capital contributions to FPL Group Capital and FPL	(418)	—	418	—	(127)	—	127	—	(249)	—	249	—
Other — net	3	(34)	(106)	(137)	(18)	313	(66)	229	—	427	(84)	343
Net cash used in investing activities	(415)	(541)	(987)	(1,943)	(145)	(1,227)	(800)	(2,172)	(249)	(94)	(452)	(795)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuance of long-term debt	—	—	947	947	—	1,385	224	1,609	—	146	197	343
Retirement of long-term debt	—	—	(515)	(515)	—	(130)	(454)	(584)	—	(338)	(389)	(727)
Increase (decrease) in short-term debt	—	353	466	819	—	135	94	229	—	16	(40)	(24)
Capital contributions from FPL Group	—	18	(18)	—	—	127	(127)	—	—	249	(249)	—
Repurchases of common stock	(150)	—	—	(150)	(116)	—	—	(116)	(62)	—	—	(62)
Dividends	(366)	(314)	314	(366)	(355)	—	—	(355)	(345)	—	—	(345)
Net cash provided by (used in) financing activities	(516)	57	1,194	735	(471)	1,517	(263)	783	(407)	73	(481)	(815)
Net increase (decrease) in cash and cash equivalents	28	(325)	65	(232)	(22)	346	(150)	174	(2)	(13)	148	133
Cash and cash equivalents at beginning of year	(16)	376	1	361	6	30	151	187	8	43	3	54
Cash and cash equivalents at end of year	$ 12	$ 51	$ 66	$ 129	$ (16)	$ 376	$ 1	$ 361	$ 6	$ 30	$ 151	$ 187

(a) Represents FPL, other subsidiaries and consolidating adjustments.

16. QUARTERLY DATA (UNAUDITED)

Condensed consolidated quarterly financial information is as follows:

(millions, except per share amounts)	2000				1999			
	March 31(a)	June 30(a)	Sept. 30(a)	Dec. 31(a)	March 31(a)	June 30(a)	Sept. 30(a)	Dec. 31(a)
Operating revenues	$1,468	$1,670	$2,087	$1,857	$1,412	$1,614	$1,892	$1,520
Operating income	$ 237	$ 347	$ 511	$ 145(c)	$ 208	$ 135(d)	$ 470	$ 107(e)
Net income	$ 121	$ 204	$ 314	$ 65(c)	$ 209(f)	$ 77(d)	$ 291	$ 120(e)(g)
Earnings per share:(b)								
Basic	$ 0.71	$ 1.20	$ 1.85	$ 0.39(c)	$ 1.22(f)	$ 0.45(d)	$ 1.70	$ 0.71(e)(g)
Assuming dilution	$ 0.71	$ 1.20	$ 1.84	$ 0.38(c)	$ 1.22(f)	$ 0.45(d)	$ 1.70	$ 0.71(e)(g)
Dividends per share	$ 0.54	$ 0.54	$ 0.54	$ 0.54	$ 0.52	$ 0.52	$ 0.52	$ 0.52
High-low common stock sales prices	$48¼-36⅜	$50 13/16-41 13/16	$67⅛-47⅛	$73-59⅜	$61 15/16-50⅛	$60½-52⅞	$56 11/16-49⅛	$52½-41⅛

(a) In the opinion of FPL Group, all adjustments, which consist of normal recurring accruals necessary to present a fair statement of the amounts shown for such periods, have been made. Results of operations for an interim period may not give a true indication of results for the year.
(b) The sum of the quarterly amounts may not equal the total for the year due to rounding.
(c) Includes merger-related expenses.
(d) Includes impairment loss on Maine assets.
(e) Includes the settlement of litigation between FPL and FMPA.
(f) Includes gain on the sale of an investment in Adelphia common stock.
(g) Includes gain on the redemption of a one-third ownership interest in a cable limited partnership.

officers

FPL Group, Inc.
James L. Broadhead
Chairman and
Chief Executive Officer

Dennis P. Coyle
General Counsel
and Secretary

K. Michael Davis
Controller

James P. Higgins
Vice President
Tax

Lawrence J. Kelleher
Vice President
Human Resources

Mary Lou Kromer
Vice President
Corporate Communications

Robert L. McGrath
Treasurer

Florida Power & Light Company
James L. Broadhead
Chairman and
Chief Executive Officer

Paul J. Evanson
President

Dennis P. Coyle
General Counsel
and Secretary

Lawrence J. Kelleher
Senior Vice President
Human Resources
and Corporate Services

Armando J. Olivera
Senior Vice President
Power Systems

Thomas F. Plunkett
President
Nuclear Division

Antonio Rodriguez
Senior Vice President
Power Generation Division

FPL Energy, LLC
James L. Broadhead
Chairman

Lewis Hay, III
President

Robert L. McGrath
Vice President, Finance

Glenn E. Smith
Senior Vice President
Development

board of directors

H. Jesse Arnelle
Of Counsel, Womble, Carlyle, Sandridge & Rice (law firm) *Director since 1990. Member audit committee, compensation committee.*

Sherry S. Barrat
Chairman and Chief Executive Officer of Northern Trust Bank of California, N.A. (commercial bank) *Director since 1998. Member audit committee, finance committee.*

Robert M. Beall, II
Chairman and Chief Executive Officer Beall's, Inc. (department stores) *Director since 1989. Member acquisitions committee, benefits committee, compensation committee.*

James L. Broadhead
Chairman and Chief Executive Officer FPL Group, Inc. *Director since 1989. Chairman executive committee.*

J. Hyatt Brown
Chairman, President and Chief Executive Officer Brown & Brown, Inc. (insurance broker) *Director since 1989. Chairman compensation committee. Member benefits committee, executive committee.*

Armando M. Codina
Chairman and Chief Executive Officer Codina Group, Inc. (real estate developer) *Director since 1994. Chairman acquisitions committee. Member benefits committee, compensation committee, executive committee.*

Marshall M. Criser
Of Counsel, McGuire, Woods, Battle & Boothe, L.L.P. (law firm) *Director since 1989. Chairman audit committee. Member executive committee, finance committee.*

Willard D. Dover
Principal Niles, Dobbins, Meeks, Raleigh & Dover (law firm) *Director since 1989. Member audit committee, acquisitions committee, benefits committee.*

Alexander W. Dreyfoos, Jr.
Owner and Chief Executive Officer, The Dreyfoos Group/Photo Electronics Corporation (electronic equipment developer) *Director since 1997. Member audit committee, finance committee.*

Paul J. Evanson
President, Florida Power & Light Company *Director since 1995.*

Frederic V. Malek
Chairman, Thayer Capital Partners (merchant bank) *Director since 1987. Chairman benefits committee. Member acquisitions committee, executive committee, finance committee.*

Paul R. Tregurtha
Chairman and Chief Executive Officer, Mormac Marine Group, Inc. (maritime shipping company) *Director since 1989. Chairman finance committee. Member compensation committee, executive committee.*

investor information

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Exchange Listings
Common Stock
New York Stock Exchange
Ticker Symbol: FPL

Options
Philadelphia Stock Exchange

Newspaper Listing
Common Stock: FPL Gp

Registrar, Transfer, and Paying Agents
FPL Group Common Stock and FPL Preferred Stock
FPL Group, Inc.
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Bankers Trust Company
Security Holder Relations
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Duplicate Mailings
Financial reports must be mailed to each account unless you instruct us otherwise. If you wish to discontinue multiple mailings to your address, please call EquiServe.

Direct Deposit of Dividends
Cash dividends may be deposited directly to personal accounts at financial institutions. Direct deposit expedites payments and eliminates lost checks. Call EquiServe for authorization forms.

Shareholder Inquiries
Communications concerning transfer requirements, lost certificates, dividend checks, address changes, stock accounts and the dividend reinvestment plan should be directed to EquiServe: (888) 218-4392 or www.equiserve.com

Other shareholder communications to:
Shareholder Services
(800) 222-4511
(561) 694-4694
(561) 694-4620 (Fax)

Dividend Reinvestment Plan
FPL Group offers a low-cost plan for holders of common stock and FPL preferred stock to reinvest their dividends or make optional cash payments for the purchase of additional common stock. Enrollment materials may be obtained by calling EquiServe.

Online Investor Information
Up-to-the-minute information on FPL Group and its subsidiaries is just a mouse click away, 24 hours a day, seven days a week. Visit our expanded investor information site at **www.investor.fplgroup.com** to get stock quotes, earnings reports, financial releases and other news. You can also request and receive information via e-mail. Shareholders of record can receive secure online account access through a link to our transfer agent, EquiServe.

Electronic Proxy Material
Registered shareholders may receive proxy materials electronically by contacting www.econsent.com/fpl. Beneficial shareholders should contact their brokerage firm to determine the availability of electronic proxy material distribution.

News and Financial Information
Investors can get the latest news and financial information about FPL Group through our Shareholder Direct toll-free line at (888) 375-1329. In addition to hearing recorded announcements, you can request information via fax or e-mail.

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Miami, FL 33131-2310

Form 10-K
The Form 10-K annual report for 2000 as filed with the Securities and Exchange Commission is available without charge by writing to FPL Group, Shareholder Services.

Annual Meeting
May 14, 2001, 10 a.m.
PGA National Resort
400 Avenue of the Champions
Palm Beach Gardens, FL

Proposed 2001 Common Stock Dividend Dates*

Declaration	Ex-Dividend	Record	Payment
February 12	February 21	February 23	March 15
May 14	May 23	May 25	June 15
August 13	August 29	August 31	September 17
November 12	November 28	November 30	December 17

Optional Cash Payment Dates

Qtr./Yr.	Acceptance begins	Must be received by
2nd/01	May 15	June 8
3rd/01	August 15	September 10
4th/01	November 15	December 10
1st/02	February 15	March 8

**Declaration of dividends and dates shown are subject to the discretion of the board of directors of FPL Group. Dates shown are based on the assumption that past patterns will prevail.*

the natural choice: *Bald eagles – a threatened species – live in harmony with other wildlife at FPL Group facilities. As shown by the photos within this report, FPL's efforts to protect and preserve the environment have enabled a large number of endangered, threatened and protected species to thrive in their natural habitat.*

Operating in harmony with the environment is a natural choice for FPL Group. And with its track record of strong operating performance and attractive growth profile, FPL Group is the natural choice for shareholders seeking exceptional value.

FPL Group, Inc.
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Juno Beach, Florida 33408

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