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See Financial Rats

SUBJECT: Forwards Price Anderson Guarantees annual financial rept,per 10CFR140.21.Exhibit 1 submitted to satisfy annual financial reporting requirement of 10CFR50.71(b).

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FPL

P.O. Box 14000, Juno Beach, FL 33408-0420

DEC 15 1998

L-98-301
10 CFR 140.21
10 CFR 50.71(b)

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555

Re: Turkey Point Units 3 and 4
Docket Nos. 50-250 and 50-251
St. Lucie Units 1 and 2
Docket Nos. 50-335 and 50-389
Price Anderson Guarantees/
Annual Financial Report

In accordance with 10 CFR 140.21, Florida Power and Light Company (FPL) submits the attached financial information.

FPL FORM 10-K, the most recent annual financial report (fiscal year ended December 31, 1997), is attached as Exhibit 1. The most recent quarterly financial report, FORM 10-Q (September 30, 1998), appears as Exhibit 2. Exhibit 3 gives the Company's internal cash flow excluding retained earnings for the twelve months ended September 30, 1998, and for the projected twelve months ending September 30, 1999. The format of Exhibit 3 is based on the NRC's suggested format for a cash flow statement as published in the September 1978 Regulatory Guide 9.4, "SUGGESTED FORMAT FOR CASH FLOW STATEMENTS SUBMITTED AS GUARANTEES OF PAYMENT OF RETROSPECTIVE PREMIUMS."

Exhibit 1 is also submitted to satisfy the annual financial reporting requirement of 10 CFR 50.71(b).

Should there be any questions on this information, please contact us.

Very truly yours,

John Gianfrancesco

John Gianfrancesco
Manager
Administrative Support and Special Projects

MOO4 /1

Attachments

cc: Regional Administrator, Region II, USNRC (w/o)
Senior Resident Inspector, USNRC, Turkey Point Plant (w/o)
Senior Resident Inspector, USNRC, St. Lucie Plant (w/o)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 1997**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of Registrants as specified in their charters, address of principal executive offices and Registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

	Name of exchange on which registered
Securities registered pursuant to Section 12(b) of the Act:	
FPL Group, Inc.: Common Stock, $.01 Par Value and Preferred Share Purchase Rights	New York Stock Exchange
Florida Power & Light Company: None	

Securities registered pursuant to Section 12(g) of the Act:
FPL Group, Inc.: None
Florida Power & Light Company: Preferred Stock, $100 Par Value

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrants' knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of the voting stock of FPL Group, Inc. held by non-affiliates as of January 31, 1998 (based on the closing market price on the Composite Tape on January 31, 1998) was $10,407,089,108 (determined by subtracting from the number of shares outstanding on that date the number of shares held by directors and officers of FPL Group, Inc.).

There was no voting stock of Florida Power & Light Company held by non-affiliates as of January 31, 1998.

The number of shares outstanding of each class of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $.01 Par Value, outstanding at January 31, 1998: 181,762,385 shares

As of January 31, 1998, there were issued and outstanding 1,000 shares of Florida Power & Light Company's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of FPL Group, Inc.'s Proxy Statement for the 1998 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
capacity clause	Capacity cost recovery clause
Central Maine	Central Maine Power Company
charter	Restated Articles of Incorporation, as amended, of FPL Group or FPL, as the case may be
conservation clause	Energy conservation cost recovery clause
DOE	United States Department of Energy
EMF	Electric and magnetic fields
environmental clause	Environmental compliance cost recovery clause
ESI	ESI Energy, Inc.
EWG	Exempt wholesale generator
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FMPA	Florida Municipal Power Agency
FPL	Florida Power & Light Company
FPL Energy	FPL Energy, Inc.
FPL Group	FPL Group, Inc.
FPL Group Capital	FPL Group Capital Inc
FPL Group International	FPL Group International, Inc.
FPSC	Florida Public Service Commission
fuel clause	Fuel and purchased power cost recovery clause
Holding Company Act	Public Utility Holding Company Act of 1935, as amended
IBEW	International Brotherhood of Electrical Workers
JEA	Jacksonville Electric Authority
kv	Kilovolt
kva	Kilovolt-ampere
kwh	Kilowatt-hour
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
mortgage	FPL's Mortgage and Deed of Trust dated as of January 1, 1944, as supplemented and amended
mw	Megawatt(s)
Note ___	Note ___ to Consolidated Financial Statements
NRC	United States Nuclear Regulatory Commission
Nuclear Waste Policy Act	Nuclear Waste Policy Act of 1982
O&M expenses	Other operations and maintenance expenses in the Consolidated Statements of Income
PURPA	Public Utility Regulatory Policies Act of 1978, as amended
qualifying facilities	Non-utility power production facilities meeting the requirements of a qualifying facility under the PURPA
Reform Act	Private Securities Litigation Reform Act of 1995
ROE	Return on common equity
SJRPP	St. Johns River Power Park
Turner	Turner Foods Corporation

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Reform Act, FPL Group and FPL (collectively, the Company) are hereby filing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) of the Company made by or on behalf of the Company which are made in this combined Form 10-K, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, estimated, projection, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause the Company's actual results to differ materially from those contained in forward-looking statements of the Company made by or on behalf of the Company.

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

Some important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include prevailing governmental policies and regulatory actions, including those of the FERC, the FPSC and the NRC, with respect to allowed rates of return, industry and rate structure, operation of nuclear power facilities, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of fuel and purchased power costs, decommissioning costs, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs).

The business and profitability of the Company are also influenced by economic and geographic factors including political and economic risks, changes in and compliance with environmental and safety laws and policies, weather conditions (including natural disasters such as hurricanes), population growth rates and demographic patterns, competition for retail and wholesale customers, pricing and transportation of commodities, market demand for energy from plants or facilities, changes in tax rates or policies or in rates of inflation, unanticipated development project delays or changes in project costs, unanticipated changes in operating expenses and capital expenditures, capital market conditions, competition for new energy development opportunities, and legal and administrative proceedings (whether civil, such as environmental, or criminal) and settlements.

All such factors are difficult to predict, contain uncertainties which may materially affect actual results, and are beyond the control of the Company.

PART I

Item 1. Business

FPL GROUP

FPL Group is a public utility holding company, as defined in the Holding Company Act. It was incorporated in 1984 under the laws of Florida. FPL Group's principal subsidiary, FPL, is engaged in the generation, transmission, distribution and sale of electric energy. Other operations are conducted through FPL Group Capital and its subsidiaries and mainly consist of independent power projects and agricultural operations. FPL Group and its subsidiaries employ 10,039 persons.

FPL Group is exempt from substantially all of the provisions of the Holding Company Act on the basis that FPL Group's and FPL's businesses are predominantly intrastate in character and carried on substantially in a single state in which both are incorporated.

FPL OPERATIONS

General. FPL was incorporated under the laws of Florida in 1925 and is a wholly-owned subsidiary of FPL Group. FPL supplies electric service throughout most of the east and lower west coasts of Florida. This service territory contains 27,650 square miles with a population of approximately 7 million. During 1997, FPL served 3.6 million customer accounts. Operating revenues were as follows:

	Years Ended December 31,		
	1997	1996	1995
	(Millions of Dollars)		
Residential	$3,394	$3,324	$3,097
Commercial	2,222	2,116	1,953
Industrial	206	203	195
Other, including the net change in unbilled revenues	310	343	285
	$6,132	$5,986	$5,530

Regulation. The retail operations of FPL provided approximately 99% of FPL's operating revenues for 1997. Such operations are regulated by the FPSC which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities and other matters. FPL is also subject to regulation by the FERC in various respects, including the acquisition and disposition of facilities, interchange and transmission services and wholesale purchases and sales of electric energy.

FPL's nuclear power plants are subject to the jurisdiction of the NRC. NRC regulations govern the granting of licenses for the construction and operation of nuclear power plants and subject such power plants to continuing review and regulation.

Federal, state and local environmental laws and regulations cover air and water quality, land use, power plant and transmission line siting, EMF from power lines and substations, noise and aesthetics, solid waste and other environmental matters. Compliance with these laws and regulations increases the cost of electric service by requiring, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. FPL estimates that capital expenditures required to comply with environmental laws and regulations for 1998 through 2000 will not be material. These expenditures are included in FPL's projected capital expenditures set forth in Item 1. Business - FPL Operations - Capital Expenditures.

FPL holds franchises with varying expiration dates to provide electric service in various municipalities and counties in Florida. FPL considers its franchises to be adequate for the conduct of its business.

Retail Ratemaking. The underlying concept of utility ratemaking is to set rates at a level that allows the utility to collect from customers total revenues (revenue requirements) equal to its cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms.

The basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base approximates FPL's weighted cost of capital, which includes its costs of debt and preferred stock and an allowed ROE. FPL's currently authorized ROE range is 11% to 13% with a midpoint of 12%. The FPSC monitors FPL's ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that the allowed ROE will be achieved. Base rates are determined in rate proceedings which occur at irregular intervals at the initiative of FPL, the FPSC or a substantially affected party. FPL's last base rate proceeding was in 1984. In 1990, FPL's base rates were reduced following a change in federal income tax rates. In December 1997, a large customer of FPL filed a petition with the FPSC requesting a limited scope proceeding to reduce FPL's base rates. The petition asks the FPSC to reduce FPL's authorized ROE and to exclude amounts recorded under an FPSC-approved special amortization program in determining the amount of the rate reduction. FPL Group is unable to predict what course of action the FPSC might take and what effect, if any, this matter would have on FPL Group's and FPL's financial statements.

Fuel costs totaled $1.7 billion in 1997 and are recovered through levelized charges per kwh established pursuant to the fuel clause. These charges are calculated semi-annually based on estimated costs of fuel and estimated customer usage for the ensuing six-month period, plus or minus a true-up adjustment to reflect the variance of actual costs and usage from the estimates used in setting the fuel adjustment charges for prior periods.

Capacity payments to other utilities and generating companies for purchased power are recovered through the capacity clause and base rates. In 1997, $430 million was recovered through the capacity clause. Costs associated with implementing energy conservation programs totaled $119 million in 1997 and are recovered through the conservation clause. Costs of complying with federal, state and local environmental regulations enacted after April 1993 totaled $14 million in 1997 and are recovered through the environmental clause to the extent not included in base rates.

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable and costs associated with the construction or acquisition of new facilities.

Competition. 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 1997, operating revenues from wholesale and industrial customers combined represented approximately 4% of FPL's total operating revenues. Various states, other than Florida, have either enacted legislation or are pursuing initiatives 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.

In the event the basis of regulation for some or all of FPL's business changes from cost-based regulation, existing regulatory assets and liabilities 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. See Management's Discussion - Results of Operations and Note 1 - Regulation.

While legislators and state regulatory commissions will decide what impact, if any, competitive forces will have on retail transactions, the FERC has jurisdiction over potential changes which could affect competition in wholesale transactions. In 1993, FPL filed with the FERC a comprehensive revision of its service offerings in the wholesale market. FPL proposed changes to its wholesale sales tariffs for service to municipal and cooperatively-owned electric utilities and its power sharing (interchange) agreements with other utilities. In addition, FPL proposed expanding its transmission offerings for new services by switching from individually negotiated contracts to three tariffs of general applicability. FPL began collecting the proposed rates in 1994, subject to refund pending the final ruling on its proposal. In December 1995, the administrative law judge issued his initial decision, ruling in favor of FPL on some issues and against FPL on others. In 1996, the FERC revised its policies with respect to transmission service and required all jurisdictional utilities to have on file at the FERC open access transmission tariffs. In general, these policies require a utility to provide to third parties access to the utility's transmission system on a basis comparable to the uses the utility makes of its own system and at comparable rates. FPL updated its 1993 filing to accommodate the FERC's revised policies. A final decision on these filings is pending before FERC.

FPL is a defendant in an antitrust suit filed by the FMPA. The complaint includes an alleged inability to utilize FPL's transmission facilities to wheel power. See Item 3. Legal Proceedings.

System Capability and Load. FPL's resources for serving load as of December 31, 1997 consisted of 18,589 mw of electric power, of which 16,416 mw are from FPL-owned facilities (see Item 2. Properties - Generating Facilities) and 2,173 mw are obtained through purchased power contracts. See Note 9 - Contracts. The compounded annual growth rate of kwh sales and customers was 2.5% and 1.9%, respectively, for the three years ended December 31, 1997.

Customer usage and operating revenues are typically higher during the summer months largely due to the prevalent use of air conditioning in FPL's service territory. However, occasionally, extremely cold temperatures during the winter months result in unusually high electricity usage for a short period of time.

Capital Expenditures. FPL's capital expenditures totaled $551 million in 1997, $474 million in 1996 and $669 million in 1995. Capital expenditures for the 1998-2000 period are expected to be approximately $1.8 billion, including $620 million in 1998. This estimate is subject to continuing review and adjustment, and actual capital expenditures may vary from this estimate. See Management's Discussion - Liquidity and Capital Resources.

Nuclear Operations. FPL owns and operates four nuclear units, two at St. Lucie and two at Turkey Point. The operating licenses for St. Lucie Units Nos. 1 and 2 expire in 2016 and 2023, respectively. The operating licenses for Turkey Point Units Nos. 3 and 4 expire in 2012 and 2013, respectively. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs and certain other modifications. A condition of the operating license for each unit requires an approved plan for decontamination and decommissioning. FPL's current plans provide for dismantlement of the Turkey Point units commencing in 2013. St. Lucie Unit No. 1 will be mothballed in 2016 until 2023 when dismantlement of both Unit No. 1 and Unit No. 2 will commence. See estimated cost data in Note 1 - Decommissioning and Dismantlement of Generating Plant.

In mid-1995, the St. Lucie nuclear plant began experiencing a series of mechanical and operational problems that resulted in increased attention and fines from the NRC. In 1997, St. Lucie's operating performance improved as a result of corrective actions implemented by St. Lucie's management team. Also during 1997, the St. Lucie Unit No. 1 steam generators were replaced and put into service.

Fuel. FPL's generating plants use a variety of fuels. See Item 2. Properties - Generating Facilities and Note 9 - Contracts. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve an economical fuel mix. FPL's oil requirements are obtained under short-term contracts and in the spot market.

FPL has contracts in place with FGT that satisfy substantially all of the anticipated needs for natural gas transportation. The existing contracts expire in 2005 and 2010, but can be extended at FPL's option. To the extent desirable, FPL can also purchase interruptible gas transportation service from FGT based on pipeline availability. FPL has a 15-year firm natural gas supply contract at market rates with an affiliate of FGT to provide approximately two-thirds of FPL's anticipated needs for natural gas. The remainder of FPL's gas requirements will be purchased under other contracts and in the spot market.

FPL has, through its joint ownership interest in SJRPP Units Nos. 1 and 2, long-term coal supply and transportation contracts for a portion of the fuel needs for those units. All of the transportation requirements and a portion of the fuel supply needs for Scherer Unit No. 4 are covered by a series of annual and long-term contracts. The remaining fuel requirements will be obtained in the spot market.

FPL leases nuclear fuel for all four of its nuclear units. See Note 1 - Nuclear Fuel. Under the Nuclear Waste Policy Act, the DOE is required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. Through 1997, FPL has paid approximately $341 million in such fees to the DOE's Nuclear Waste Fund. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 1997, FPL joined a number of other utilities in a lawsuit against the DOE seeking to suspend payments for future transportation and disposal. Alternatively, the utilities proposed to hold the funds in escrow until a nuclear waste storage facility is available. In November 1997, a court ruled that DOE failed to meet the statutory deadline for spent fuel disposal, and ordered that the DOE could not assert a claim that its delay was unavoidable in any defense against lawsuits seeking money damages. The DOE has appealed this decision. The court also declined the utilities' request for an order to have the DOE begin disposal of spent nuclear fuel, and did not specifically address the request to escrow the Nuclear Waste Fund payments. In December 1997, FPL and a number of other utilities filed a petition with the DOE requesting suspension of payments into the Nuclear Waste Fund in light of the DOE's impending default on taking title to and disposing of spent nuclear fuel. This Petition was denied by the DOE. In February 1998, FPL and the other utilities petitioned an appeals court for an order preventing the DOE from using money in the Nuclear Waste Fund to pay the utilities' damages for the DOE's breach of obligation. Currently, FPL is storing spent fuel on site and plans to provide adequate storage capacity for all of its spent nuclear fuel, pending its removal by the DOE.

In 1994, FPL entered into a 20-year contract with Bitor America to purchase Orimulsion, a fuel that is an emulsion of bitumen and water and is priced equivalently to coal. FPL has committed to purchase Orimulsion to satisfy approximately 60% of the capacity of the Manatee units, but may elect to purchase sufficient Orimulsion to satisfy the Manatee units' total capacity. See Item 2. Properties - Generating Facilities. The contract is contingent upon FPL obtaining an operating permit from environmental agencies to use Orimulsion at the Manatee units. In 1996, Florida's Power Plant Siting Board denied FPL's request to burn Orimulsion at the Manatee power plant. FPL appealed the denial. In 1997, Florida's Power Plant Siting Board remanded selected issues for hearing before an administrative law judge. Hearings took place in January and February 1998. A decision is pending.

Energy Marketing and Trading. During 1997, FPL formed a division to buy and sell wholesale energy commodities, such as natural gas and electric power. Initially, the primary focus of the Energy Marketing & Trading Division has been the procurement of natural gas for FPL's own use in power generation (the effects of which are reflected in the cost of fuel recovered through the fuel clause) and the sale of excess electric power. The level of trading activity is expected to grow as FPL seeks to manage the risk associated with fluctuating fuel prices, increase value from its own power generation and position itself to take advantage of opportunities in evolving energy-related markets throughout the country.

Electric and Magnetic Fields. In recent years, public, scientific and regulatory attention has been focused on possible adverse health effects of EMF. These fields are created whenever electricity flows through a power line or an appliance. Several epidemiological (i.e., statistical) studies have suggested a linkage between EMF and certain types of cancer, including leukemia and brain cancer; other studies have been inconclusive, contradicted earlier studies or have shown no such linkage. Neither these epidemiological studies nor clinical studies have produced any conclusive evidence that EMF does or does not cause adverse health effects.

The FDEP has promulgated regulations setting standards for EMF levels within and at the edge of the rights of way for transmission lines, and FPL is in compliance with these regulations. The FDEP reviewed its EMF standards in 1997 and confirmed the field limits previously established. Future changes in the standards could require additional capital expenditures by FPL for such things as increasing the right of way corridors or relocating or reconfiguring transmission facilities. At present it is not known whether any such expenditures will be required.

Employees. FPL had 9,588 employees at December 31, 1997. Approximately 34% of the employees are represented by the IBEW under a collective bargaining agreement with FPL. In 1997, IBEW members approved a new collective bargaining agreement which expires on October 31, 2000.

OTHER FPL GROUP OPERATIONS

FPL Group Capital, a wholly-owned subsidiary of FPL Group, holds the capital stock and provides funding for the operating subsidiaries other than FPL. At December 31, 1997, FPL Group Capital and its subsidiaries represented approximately 10% of FPL Group's total assets. The business activities of these companies primarily consist of independent power projects and agricultural operations.

FPL Energy. In January 1998, FPL Energy was formed as a subsidiary of FPL Group Capital to manage existing non-regulated investments and to pursue new investment opportunities in the domestic and international energy markets. All of the capital stock of ESI and FPL Group International was transferred to FPL Energy in January and two separate investment transactions were announced. First, FPL Energy announced an agreement to acquire, subject to approval by federal and state regulators, the non-nuclear generation assets of Central Maine, in a transaction that is expected to close in the second half of 1998. FPL Energy, through ESI, also announced participation in a joint venture that owns and operates two 300 mw combined-cycle power plants located in Massachusetts and New Jersey. FPL Energy's focus is on environmentally-favored generation including natural gas, wind, geothermal, solar, biomass, and, with the expected addition of the Central Maine assets later in 1998, hydro.

FPL Energy's participation in the domestic energy market has changed in recent years from non-controlling equity investments to a more active role including ownership, management, operation, construction and development of many projects. This active role is expected to continue as opportunities in the non-regulated generation market are pursued. FPL Energy currently owns or has non-controlling ownership interests in a number of independent power projects totaling approximately 3,100 mw of generating capacity. These projects are geographically concentrated in California and Virginia. Upon completion of the acquisition of the Central Maine assets, generating capacity will increase to over 4,200 mw.

Deregulation of the electricity utility market across the United States 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 low-cost power in competitive markets. However, market-based pricing, new entrants and the possibility of reduced availability of long-term power purchase agreements may result in fluctuations in revenues and earnings. FPL Energy has long-term power purchase agreements in place with utilities for essentially all of its existing portfolio. The majority of power generated by the Central Maine assets will be sold under a power purchase agreement until the year 2000, when market-based pricing is implemented.

FPL Energy also holds non-controlling investments in natural gas and geothermal generator projects totaling 300 mw located in Colombia and Indonesia, and owns a 5 mw wind farm in Northern Ireland. Essentially all of the output from these projects is subject to long-term power purchase agreements. The project in Colombia is expanding its generating capability and the Indonesian project is under development. FPL Energy is monitoring the economic uncertainty in Indonesia, but currently anticipates no material adverse effect on FPL Group's financial statements from its investment there.

Turner. FPL Group Capital's agricultural subsidiary, Turner, owns and operates citrus groves in Florida. Turner's primary product is juice oranges, which are sold to processors for the premium not-from-concentrate, as well as the domestic frozen-concentrate, orange juice markets. Other products include grapefruit and specialty fruits. Turner's operations are seasonal, with the majority of the citrus harvest taking place between January and April.

As of December 31, 1997, Turner owned or leased approximately 30,000 acres of citrus properties, which included 19,000 planted acres, 3,000 acres of undeveloped land and 8,000 acres of infrastructure, wetlands and reservoirs.

EXECUTIVE OFFICERS OF THE REGISTRANTS (a)(b)

Name	Age	Position	Effective Date
James L. Broadhead	62	Chairman of the Board, President and Chief Executive Officer of FPL Group	May 8, 1990
		Chairman of the Board and Chief Executive Officer of FPL	January 15, 1990
Dennis P. Coyle	59	General Counsel and Secretary of FPL Group	June 1, 1991
		General Counsel and Secretary of FPL	July 1, 1991
K. Michael Davis	51	Controller and Chief Accounting Officer of FPL Group	May 13, 1991
		Vice President, Accounting, Controller and Chief Accounting Officer of FPL	July 1, 1991
Paul J. Evanson	56	President of FPL	January 9, 1995
Lawrence J. Kelleher	50	Vice President, Human Resources of FPL Group	May 13, 1991
		Senior Vice President, Human Resources of FPL	July 1, 1991
Thomas F. Plunkett	58	President, Nuclear Division of FPL	March 1, 1996
Dilek L. Samil	42	Treasurer of FPL Group	May 13, 1991
		Treasurer of FPL	July 1, 1991
C. O. Woody	59	President, Power Generation Division of FPL Group and FPL	January 15, 1998
Michael W. Yackira	46	President of FPL Energy, Inc.	January 15, 1998

(a) Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his or her present position for five years or more and his or her employment history is continuous.

(b) The business experience of the executive officers is as follows: Mr. Evanson was formerly vice president, finance and chief financial officer of FPL Group and senior vice president, finance and chief financial officer of FPL; Mr. Plunkett was site vice president at Turkey Point; Mr. Woody was senior vice president, power generation of FPL; and Mr. Yackira was vice president, finance and chief financial officer of FPL Group and senior vice president, finance and chief financial officer of FPL from January 1995 to January 1998. Prior to that, Mr. Yackira was senior vice president, market and regulatory services of FPL.

Item 2. Properties

FPL Group and its subsidiaries maintain properties which are adequate for their operations. At December 31, 1997, the electric generating, transmission, distribution and general facilities of FPL represent 47%, 13%, 33% and 7%, respectively, of FPL's gross investment in electric utility plant in service.

Generating Facilities. As of December 31, 1997, FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Peaking Capability (mw)
STEAM TURBINES				
Cape Canaveral	Cocoa, FL	2	Oil/Gas	810
Cutler	Miami, FL	2	Gas	215
Fort Myers	Fort Myers, FL	2	Oil	544
Manatee	Parrish, FL	2	Oil	1,638
Martin	Indiantown, FL	2	Oil/Gas	1,630
Port Everglades	Port Everglades, FL	4	Oil/Gas	1,227
Riviera	Riviera Beach, FL	2	Oil/Gas	580
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	260(a)
St. Lucie	Hutchinson Island, FL	2	Nuclear	1,553(b)
Sanford	Lake Monroe, FL	3	Oil/Gas	926
Scherer	Monroe County, GA	1	Coal	667(c)
Turkey Point	Florida City, FL	2	Oil/Gas	810
		2	Nuclear	1,386
COMBINED-CYCLE				
Lauderdale	Dania, FL	2	Gas/Oil	860
Martin	Indiantown, FL	2	Gas	860
Putnam	Palatka, FL	2	Gas/Oil	498
COMBUSTION TURBINES				
Fort Myers	Fort Myers, FL	12	Oil	626
Lauderdale	Dania, FL	24	Oil/Gas	876
Port Everglades	Port Everglades, FL	12	Oil/Gas	438
DIESEL UNITS				
Turkey Point	Florida City, FL	5	Oil	12
TOTAL				16,416

(a) Represents FPL's 20% individual ownership interest in SJRPP Units Nos. 1 and 2, which are jointly owned with the JEA.

(b) Excludes Orlando Utilities Commission's and the FMPA's combined share of approximately 15% of St. Lucie Unit No. 2.

(c) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with the JEA.

FPL Energy has wholly-owned generating facilities totaling 830 mw, the largest being a 665 mw gas-fired combined-cycle plant in Virginia. The remaining facilities include solar- and wind-power generators located in California and Northern Ireland.

Transmission and Distribution. FPL owns and operates 478 substations with a total capacity of 104,493,440 kva. Electric transmission and distribution lines owned and in service as of December 31, 1997 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	1,107(a)	-
230 kv	2,196	31
138 kv	1,405	48
115 kv	672	-
69 kv	166	11
Less than 69 kv	39,168	20,086
Total	44,714	20,176

(a) Includes approximately 80 miles owned jointly with the JEA.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its mortgage, which secures most debt securities issued by FPL. The principal properties of FPL are held by it in fee and are free from other encumbrances, subject to minor exceptions, none of which is of such a nature as to substantially impair the usefulness to FPL of such properties. Some of the electric lines are located on land not owned in fee but are covered by necessary consents of governmental authorities or rights obtained from owners of private property.

Item 3. Legal Proceedings

In 1991, FPL entered into 30-year power purchase agreements with two qualifying facilities (as defined by PURPA) located in Palm Beach County, Florida. The power plants, which have a total generating capacity of 125 mw, were intended to sell capacity and energy to FPL and to provide steam to sugar processors. The plants were to be fueled by bagasse (sugar cane waste) and wood waste. Construction of the plants was funded, in part, through the sale of $288.5 million of solid waste industrial development revenue bonds (the bonds). The plants are owned by Okeelanta Power Limited Partnership (Okeelanta); Osceola Power Limited Partnership (Osceola); Flo-Energy Corp.; Glades Power Partnership; Gator Generating Company, Limited Partnership; and Lake Power Leasing Partnership (collectively, the partnerships).

In January 1997, FPL filed a complaint against Okeelanta and Osceola in the Circuit Court for Palm Beach County, Florida, seeking an order declaring that FPL's obligations under the power purchase agreements were rendered of no force and effect because the power plants failed to accomplish commercial operation before January 1, 1997, as required by the agreements. In November 1997, the complaint was amended to include all the partnerships.

The partnerships filed for bankruptcy under Chapter XI of the United States Bankruptcy Code in May 1997 and ceased all attempts to operate the power plants in September 1997. In November 1997, the partnerships entered into an agreement with the holders of more than 70% of the bonds. This agreement gives the holders of a majority of the principal amount of the bonds (the majority bondholders) the right to control, fund and manage any litigation against FPL and the right to settle with FPL on any terms such majority bondholders approve, provided that certain agreements with the sugar processors are not affected and certain other conditions are met.

In January 1998, the partnerships (through the attorneys for the majority bondholders) filed an answer denying the allegations in FPL's complaint and asserting a counterclaim for approximately $2 billion, consisting of all capacity payments that could have been made over the 30-year term of the power purchase agreements plus some security deposits. The partnerships also seek three times their actual damages for alleged violations of Florida antitrust laws, plus attorneys' fees.

In December 1991, the FMPA, an organization comprised of municipal electric utilities operating in the state, filed a suit against FPL in the Circuit Court of the Ninth Judicial Circuit in Orange County, Florida. The suit was subsequently removed to the United States District Court for the Middle District of Florida. The FMPA alleges that FPL is in breach of a "contract," consisting of several different documents, by refusing to provide transmission service to the FMPA and its members on the FMPA's terms. The FMPA also alleges that FPL has violated federal and Florida antitrust laws by monopolizing or attempting to monopolize the provision, coordination and transmission of electric power in FPL's area of operation by refusing to provide transmission service or to permit the FMPA to invest in and use FPL's transmission system on the FMPA's proposed terms. The FMPA seeks $140 million in damages, before trebling for the antitrust claim, and asks the court to require FPL: to transmit electric power among the FMPA and its members on "reasonable terms and conditions"; to permit the FMPA to contribute to and use FPL's transmission system on "reasonable terms and conditions"; and to recognize the FMPA transmission investments as part of FPL's transmission system such that the FMPA can obtain transmission on a basis equivalent to FPL or, alternatively, to provide transmission service equivalent to such FMPA transmission ownership. In 1993, the District Court granted summary judgment in favor of FPL. In 1995, the court of appeals vacated the District Court's summary judgment and remanded the matter to the district court for further proceedings. In 1996, the District Court ordered the FMPA to seek a declaratory ruling from the FERC regarding certain issues in the case. All other action in the case has been stayed pending the FERC's ruling.

In November 1989, Johnson Enterprises of Jacksonville, Inc. (Johnson Enterprises) filed suit in the United States District Court for the Middle District of Florida against FPL Group, FPL Group Capital and Telesat Cablevision, Inc. (Telesat), a subsidiary of FPL Group Capital. The suit alleged breach of contract, fraud, violation of racketeering statutes and several other claims. Plaintiff claimed more than $24 million in compensatory damages, treble damages under racketeering statutes, punitive damages and attorneys' fees. The District Court entered a judgment in favor of FPL Group and Telesat on nine of twelve counts, including all of the racketeering and fraud claims, and in favor of FPL Group Capital on all counts. It also denied all parties' claims for attorneys' fees. However, the jury in the case awarded the contractor damages totaling approximately $6 million against FPL Group and Telesat for breach of contract and tortious interference. All parties have appealed.

In the event that FPL Group or FPL does not prevail in these suits, there may be a material adverse effect on their financial statements. However, FPL Group and FPL believe that they have meritorious defenses to the litigation to which they are parties and are vigorously defending these suits. Accordingly, the liabilities, if any, arising from these proceedings are not anticipated to have a material adverse effect on their financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrants' Common Equity and Related Stockholder Matters

Common Stock Data. All of FPL's common stock is owned by FPL Group. FPL Group's common stock is traded on the New York Stock Exchange. The high and low sales prices for the common stock of FPL Group as reported in the consolidated transaction reporting system of the New York Stock Exchange for each quarter during the past two years are as follows:

Quarter	1997		1996	
	High	Low	High	Low
First	$46 3/4	$43 5/8	$48	$42 1/8
Second	$48 1/8	$42 5/8	$46 1/4	$41 1/2
Third	$51 9/16	$45 1/2	$46 5/8	$42 5/8
Fourth	$60	$49 1/2	$48 1/8	$43 1/8

Approximate Number of Stockholders. As of the close of business on January 31, 1998, there were 60,024 holders of record of FPL Group's common stock.

Dividends. Quarterly dividends have been paid on common stock of FPL Group during the past two years in the following amounts:

Quarter	1997	1996
First	$.48	$.46
Second	$.48	$.46
Third	$.48	$.46
Fourth	$.48	$.46

The amount and timing of dividends payable on FPL Group's common stock are within the sole discretion of FPL Group's board of directors. The board of directors reviews the dividend rate at least annually (in February) to determine its appropriateness in light of FPL Group's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions and any other factors the board deems relevant. The ability of FPL Group to pay dividends on its common stock is dependent upon dividends paid to it by its subsidiaries, primarily FPL. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group. See Management's Discussion - Liquidity and Capital Resources and Note 4 regarding dividends paid by FPL to FPL Group.

Item 6. Selected Financial Data

	Years Ended December 31,				
	1997	1996	1995	1994	1993
SELECTED DATA OF FPL GROUP					
(Millions of Dollars, except per share amounts):					
Operating revenues	$ 6,369	$ 6,037	$ 5,592	$ 5,423	$ 5,312
Net income	$ 618	$ 579	$ 553	$ 519	$ 429(a)
Earnings per share of common stock(b)	$ 3.57	$ 3.33	$ 3.16	$ 2.91	$ 2.30(a)
Dividends paid per share of common stock	$ 1.92	$ 1.84	$ 1.76	$ 1.88	$ 2.47
Total assets	$12,449	$12,219	$12,459	$12,618	$13,078
Long-term debt, excluding current maturities	$ 2,949	$ 3,144	$ 3,377	$ 3,864	$ 3,749
Obligations of FPL under capital lease, excluding current maturities	$ 186	$ 182	$ 179	$ 186	$ 271
Preferred stock of FPL with sinking fund requirements, excluding current maturities	-	$ 42	$ 50	$ 94	$ 97
Energy sales (millions of kwh)(c)	84,765	80,889	79,756	77,096	72,455
SELECTED DATA OF FPL (Millions of Dollars):					
Operating revenues	$ 6,132	$ 5,986	$ 5,530	$ 5,343	$ 5,224
Net income available to FPL Group	$ 608	$ 591	$ 568	$ 529	$ 425(a)
Total assets	$11,172	$11,531	$11,751	$11,821	$11,911
Long-term debt, excluding current maturities	$ 2,420	$ 2,981	$ 3,094	$ 3,581	$ 3,463
Energy sales (millions of kwh)	82,734	80,889	79,756	77,096	72,455
Energy sales:					
Residential	50.6%	51.1%	50.8%	50.2%	50.2%
Commercial	39.8	38.6	38.5	38.8	39.3
Industrial	4.7	4.7	4.9	5.0	5.4
Interchange power sales	2.1	2.6	1.6	2.5	2.6
Other(d)	2.8	3.0	4.2	3.5	2.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute net peak served (mw)(e):					
Summer season	16,613	16,064	15,813	15,179	15,266
Winter season	13,047	16,490	18,096	16,563	12,594
Average number of customer accounts (thousands):					
Residential	3,209	3,153	3,097	3,038	2,974
Commercial	389	381	374	366	358
Industrial	15	15	15	16	15
Other	3	2	3	2	3
Total	3,616	3,551	3,489	3,422	3,350
Average price per kwh sold (cents)(f)	7.29	7.29	6.83	6.82	7.10

(a) Reduced by $85 million, or $.45 per share, after-tax effect of cost reduction program charge.
(b) Basic and assuming dilution.
(c) Includes consolidated entities only from the date of consolidation.
(d) Includes the net change in unbilled sales.
(e) The winter season includes November and December of the current year and January through March of the following year.
(f) Includes the net change in unbilled and cost recovery clause revenues.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

FPL Group's net income and earnings per share for 1997 grew 6.7% and 7.2%, respectively. The improvement over the respective 1996 growth rates of 4.7% and 5.4% is primarily due to better operating results in FPL Group's other businesses, particularly ESI's independent power projects. A number of ESI's projects have been restructured to gain more direct operating control and projects have been added. Beginning in 1997, several projects are consolidated in FPL Group's financial statements, including the accounts of a 665 mw gas-fired EWG and two solar projects. In January 1998, FPL Group announced the formation of FPL Energy, an FPL Group Capital subsidiary, that will hold directly or indirectly all generation assets not owned by FPL.

FPL continues to represent the predominant portion of FPL Group's operations. FPL's results over the past three years reflect a combination of continued growth in the number of customers served by FPL and actions taken by management to accelerate the amortization of nuclear and fossil fuel generating assets and regulatory assets, and to reduce debt and preferred stock balances.

FPL's operating revenues represent about 96% of FPL Group's operating revenues and primarily consist of revenues from base rates, cost recovery clauses and franchise fees. Revenues from FPL's base rates were $3.5 billion, $3.4 billion and $3.4 billion in 1997, 1996 and 1995, respectively. There were no changes in base rates during those years. 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. Clause revenues and the related fuel, purchased power and interchange expense increased in 1996 primarily due to higher fuel prices and higher capacity charges as an additional purchased power contract became effective. See Note 9 - Contracts. In 1997, FPL Group's operating revenues and fuel, purchased power and interchange expense include the effects of consolidating some independent power projects formerly accounted for as equity investments.

The population in FPL's service territory continued to grow, contributing to retail customer growth of 1.8%, 1.8% and 1.9% in 1997, 1996 and 1995, respectively. In 1997, warmer weather contributed to an increase in retail customer usage of 1.2%, while in 1996, milder weather conditions resulted in a decrease in retail customer usage of 1.3%. Extreme weather in 1995 contributed to an increase in usage of 2.5%. Together these factors and changes in sales to other utilities contributed to an increase in FPL's total energy sales of 2.3%, 1.4% and 3.5% in 1997, 1996 and 1995, respectively. The consolidation of some independent power projects increased FPL Group energy sales in 1997.

The FPSC regulates FPL's retail sales, which represent approximately 94% of FPL Group's total operating revenues. FPL reported a retail regulatory ROE of 12.3%, 12.1% and 12.3% in 1997, 1996 and 1995, respectively. The ROE range authorized by the FPSC for these periods was 11% to 13% with a midpoint of 12%. In December 1997, a large customer of FPL filed a petition with the FPSC requesting a limited scope proceeding to reduce FPL's base rates. The petition asks the FPSC to reduce FPL's authorized ROE and to exclude amounts recorded under an FPSC-approved special amortization program in determining the amount of the rate reduction. FPL Group is unable to predict what course of action the FPSC might take and what effect, if any, this matter would have on FPL Group's and FPL's financial statements.

O&M expenses increased in 1997, following several years of decline, primarily as a result of additional costs associated with the conservation clause. Excluding these costs, which are essentially a pass-through and do not affect net income, O&M expenses declined slightly as a result of lower nuclear refueling and lower payroll-related costs. Partially offsetting these items were higher maintenance costs on FPL's distribution system to improve service reliability. O&M expenses are expected to increase in 1998 due to a continuing focus on improving service reliability and higher storm fund accruals. In 1996, cost savings from operational improvements were partially offset by the third quarter adoption of an FPSC-approved change in accounting for costs associated with nuclear refueling outages. See Note 1 - Accrual for Nuclear Maintenance Costs. O&M expenses in 1995 include charges associated with facilities consolidation and inventory reductions.

The increases in depreciation and amortization expense are primarily the result of an FPSC-approved special amortization program initiated by FPL in 1995. The program calls for recording as amortization expense a fixed amount of $30 million per year for nuclear assets plus, through 1997, an additional amount of amortization based on the level of retail base revenues achieved compared to a fixed amount for nuclear and fossil generating assets and certain regulatory assets. Under this program, $199 million, $160 million and $126 million of special amortization was recorded in 1997, 1996 and 1995, respectively. The 1997 and 1996 amounts include, as depreciation and amortization expense, $169 million and $20 million, respectively, for amortization of regulatory assets. All other special amortization amounts were applied against nuclear and fossil production assets. In December 1997, the FPSC voted to extend this program through 1999 and added costs associated with the decommissioning of nuclear plants and dismantling fossil plants to the cost categories covered by the plan. The decision was made after the FPSC conducted hearings that were requested by a third party. In addition to depreciation and amortization recorded under the special amortization program, in 1997, 1996 and 1995 FPL amortized $22 million, $28 million and $37 million, respectively, of plant-related regulatory assets deferred since FPL's last rate case in 1984. It is anticipated that substantially all of the remaining $24 million balance will be amortized in 1998 as authorized by the FPSC. In 1997 and 1996 the FPSC approved higher depreciation rates for certain assets which resulted in additional depreciation of $31 million and $22 million in 1997 and 1996, respectively.

FPL lowered its interest charges and preferred stock dividends by reducing debt and preferred stock balances. FPL Group has reduced these balances, net of commercial paper increases, over the past three years by $1.0 billion ($1.4 billion for FPL). In 1997, additional debt has been assumed as a result of ESI's portfolio restructuring and expansion resulting in higher interest charges at FPL Group.

Improved results in 1997 from independent power partnerships contributed to an increase in the non-operating line other - net of FPL Group. The 1996 change in other - net of both FPL Group and FPL resulted from an accounting rule change, approved by the FPSC, that eliminated the capitalization of interest and return on equity on all but very large construction projects.

The lower effective income tax rate in 1997 and 1996 reflects increased amortization of FPL's deferred investment tax credits due to the special amortization program and adjustments of prior years' tax matters.

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 1997, operating revenues from wholesale and industrial customers combined represented approximately 4% of FPL's total operating revenues. Various states, other than Florida, have either enacted legislation or are pursuing initiatives 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. In the event the basis of regulation for some or all of FPL's business changes from cost-based regulation, existing regulatory assets and liabilities 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. Since there is no deregulation proposal currently under consideration in Florida, FPL is unable to predict what impact would result from a change to a more competitive environment or when such a change might occur. See Note 1 - Regulation.

FPL Group is working to resolve the potential impact of the year 2000 on the processing of information by its computer systems. An assessment of identified software, including vendor-supplied software, has been completed and work has begun to make the necessary modifications. The estimated cost of addressing year 2000 issues in software applications is not expected to have a material adverse effect on FPL Group's financial statements. FPL Group continues to assess the potential financial and operational impacts of computerized processes embedded in operating equipment.

Liquidity and Capital Resources

FPL Group's primary capital requirements consist of expenditures to meet increased electricity usage and customer growth of FPL. Capital expenditures of FPL for the period 1998 through 2000 are expected to be approximately $1.8 billion, including $620 million for 1998. Also, in January 1998 FPL Group acquired interests in two power plants in the Northeast and announced plans to purchase all of Central Maine's non-nuclear generation assets. The Central Maine transaction is expected to close in the second half of 1998 and is subject to approval by federal and state regulators. Commitments for energy-related acquisitions, including the acquisitions mentioned above, are $1.1 billion for 1998. Other acquisitions may be made as opportunities arise. See Note 9 - Commitments. In 1997, FPL's capital expenditures were higher than 1996 as a result of costs associated with the replacement of steam generators at St. Lucie Unit No. 1. The further planned increase in 1998 reflects reliability improvements to be made to the distribution system. Expenditures on independent power projects in 1997 by FPL Group's other operating subsidiaries, primarily ESI, were $291 million. This increase over prior years is the result of ESI's expansion and restructuring of various projects.

Debt maturities of FPL Group's subsidiaries will require cash outflows of approximately $718 million ($535 million for FPL) through 2002, including $198 million ($180 million for FPL) in 1998. See Note 6. It is anticipated that cash requirements for FPL's capital expenditures, energy-related investments and debt maturities in 1998 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, preferred or common stock, or for investment. Any temporary cash needs will be met by short-term bank borrowings. Bank lines of credit currently available to FPL Group and its subsidiaries aggregate $1.3 billion ($900 million for FPL).

In 1997, FPL Group's board of directors authorized the repurchase of up to 10 million shares of common stock over an unspecified period. During 1997, FPL Group repurchased 0.7 million shares of common stock under this program and 0.3 million shares under a previously authorized stock repurchase program.

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, 1997 was $252 million. Bank lines of credit of $300 million, included in the $1.3 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 filed a request for FPSC approval to increase the annual storm fund contribution from $20 million to $35 million; a decision by the FPSC is pending.

In 1996, the FASB issued an exposure draft on accounting for obligations associated with the retirement of long-lived assets and recently decided to restudy the matter. A method proposed by the FASB would require the present value of estimated future cash flows to decommission FPL's nuclear power plants and dismantle its fossil power plants to be recorded as an increase to asset balances and as a liability. This amount is currently estimated to be $1.5 billion. Under that proposal, it is anticipated that there will be no effect on cash flows and, because of the regulatory treatment, there will be no significant effect on net income.

FPL Group Capital and its subsidiaries have guaranteed approximately $240 million of lease obligations, debt service payments and other payments subject to certain contingencies. This amount includes guarantees associated with acquisitions occurring in early 1998.

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.

Market Risk Sensitivity

All financial instruments and positions held by FPL Group and FPL described below are held for purposes other than trading.

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 $640 million at December 31, 1997. 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 2012. Market risk associated with all of these securities is estimated as the potential loss in fair value resulting from a hypothetical 10% increase in interest rates and amounts to $19 million.

The fair value of FPL Group's and FPL's long-term debt is also affected by changes in interest rates. Over the last several years, the outstanding long-term debt balance has been substantially reduced, resulting in a significant decrease in the related interest expense, and a portion of the remaining debt balance has been converted to variable rate debt. Interest rate swap agreements entered into by an FPL Group subsidiary reduce the impact of interest rate changes on its variable rate debt (total notional principal amount of $267 million at December 31, 1997). The following presents the sensitivity of the fair value of debt and interest rate swap agreements to a hypothetical 10% decrease in interest rates:

	Carrying Value	Fair Value	Hypothetical Increase in Fair Value(a)
	(Millions of Dollars)		
Long-term debt of FPL	$ 2,600	$ 2,679(b)	$ 92
Long-term debt of FPL Group	$ 3,147	$ 3,236(b)	$103
Interest rate swap agreements of FPL Group	-	$ 31(c)	$ 6

(a) Calculated based on the change in discounted cash flow.
(b) Based on quoted market prices for these or similar issues.
(c) Based on the estimated cost to terminate the agreements.

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events that would result in a realized loss will occur.

Equity price risk - Included in the special use funds of FPL are marketable equity securities carried at their market value of $367 million at December 31, 1997. A hypothetical 10% decrease in the prices quoted by stock exchanges would result in a $37 million reduction in fair value and corresponding adjustment to the related liability accounts based on current regulatory treatment.

Other risks - Under current cost-based regulation, FPL's cost of fuel is recovered through the fuel clause, with no effect on earnings. In line with FPL's ongoing efforts to control costs, and to address the commodity price risk that FPL would face in a deregulated environment, FPL formed a division to buy and sell wholesale energy commodities, such as natural gas and electric power. Initially, the primary focus of the Energy Marketing & Trading Division has been the procurement of natural gas for FPL's own use in power generation (the effects of which are reflected in the cost of fuel recovered through the fuel clause) and the sale of excess electric power. At December 31, 1997, there were no material open positions in these activities. The level of trading activity is expected to grow as FPL seeks to manage the risk associated with fluctuating fuel prices, increase value from its own power generation and position itself to take advantage of opportunities in evolving energy-related markets throughout the country.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion - Market Risk Sensitivity.

Item 8. Financial Statements and Supplementary Data

INDEPENDENT AUDITORS' REPORT

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY:

We have audited the consolidated financial statements of FPL Group, Inc. and of Florida Power & Light Company, listed in the accompanying index at Item 14(a)1 of this Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1997. These financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 Florida Power & Light Company at December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 13, 1998

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Years Ended December 31,		
	1997	1996	1995
OPERATING REVENUES	$6,369	$6,037	$5,592
OPERATING EXPENSES:			
Fuel, purchased power and interchange	2,255	2,131	1,722
Other operations and maintenance	1,231	1,189	1,206
Depreciation and amortization	1,061	960	918
Taxes other than income taxes	594	586	549
Total operating expenses	5,141	4,866	4,395
OPERATING INCOME	1,228	1,171	1,197
OTHER INCOME (DEDUCTIONS):			
Interest charges	(291)	(267)	(291)
Preferred stock dividends - FPL	(19)	(24)	(43)
Other - net	4	(7)	19
Total other deductions - net	(306)	(298)	(315)
INCOME BEFORE INCOME TAXES	922	873	882
INCOME TAXES	304	294	329
NET INCOME	$ 618	$ 579	$ 553
Earnings per share of common stock (basic and assuming dilution)	$3.57	$3.33	$3.16
Dividends per share of common stock	$1.92	$1.84	$1.76
Average number of common shares outstanding	173	174	175

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

FPL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	December 31, 1997	December 31, 1996
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and other property	$17,430	$16,593
Nuclear fuel under capital lease	186	182
Construction work in progress	204	258
Less accumulated depreciation and amortization	(8,466)	(7,649)
Total property, plant and equipment - net	9,354	9,384
CURRENT ASSETS:		
Cash and cash equivalents	54	196
Customer receivables, net of allowances of $9 and $12	501	462
Materials, supplies and fossil fuel inventory - at average cost	302	268
Deferred clause expenses	122	127
Other	122	120
Total current assets	1,101	1,173
OTHER ASSETS:		
Special use funds of FPL	1,007	806
Other investments	282	327
Other	705	529
Total other assets	1,994	1,662
TOTAL ASSETS	$12,449	$12,219
CAPITALIZATION:		
Common shareholders' equity	$ 4,845	$ 4,592
Preferred stock of FPL without sinking fund requirements	226	290
Preferred stock of FPL with sinking fund requirements	-	42
Long-term debt	2,949	3,144
Total capitalization	8,020	8,068
CURRENT LIABILITIES:		
Short-term debt	134	-
Current maturities of long-term debt and preferred stock	198	155
Accounts payable	368	308
Customers' deposits	279	268
Accrued interest and taxes	180	259
Other	340	284
Total current liabilities	1,499	1,274
OTHER LIABILITIES AND DEFERRED CREDITS:		
Accumulated deferred income taxes	1,473	1,531
Deferred regulatory credit - income taxes	166	129
Unamortized investment tax credits	229	251
Storm and property insurance reserve	252	223
Other	810	743
Total other liabilities and deferred credits	2,930	2,877
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$12,449	$12,219

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

FPL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)

	Years Ended December 31, 1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 618	$ 579	$ 553
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,061	960	918
Decrease in deferred income taxes and related regulatory credit	(30)	(76)	(90)
Increase (decrease) in accrued interest and taxes	(79)	39	10
Other - net	27	90	119
Net cash provided by operating activities	1,597	1,592	1,510
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures of FPL	(551)	(474)	(661)
Independent power investments	(291)	(52)	(37)
Other - net	45	-	(4)
Net cash used in investing activities	(797)	(526)	(702)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of long-term debt	42	-	178
Retirement of long-term debt and preferred stock	(717)	(338)	(574)
Increase (decrease) in short-term debt	113	(179)	(56)
Repurchase of common stock	(48)	(82)	(69)
Dividends on common stock	(332)	(320)	(309)
Other - net	-	3	(18)
Net cash used in financing activities	(942)	(916)	(848)
Net increase (decrease) in cash and cash equivalents	(142)	150	(40)
Cash and cash equivalents at beginning of year	196	46	86
Cash and cash equivalents at end of year	$ 54	$ 196	$ 46
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 287	$ 248	$ 276
Cash paid for income taxes	$ 434	$ 381	$ 391
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Additions to capital lease obligations	$ 81	$ 86	$ 84
Debt assumed for property additions	$ 420	$ 33	-

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

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Millions of Dollars)

	Years Ended December 31,		
	1997	1996	1995
OPERATING REVENUES	$6,132	$5,986	$5,530
OPERATING EXPENSES:			
Fuel, purchased power and interchange	2,196	2,131	1,722
Other operations and maintenance	1,132	1,127	1,138
Depreciation and amortization	1,034	955	909
Income taxes	329	329	347
Taxes other than income taxes	592	585	549
Total operating expenses	5,283	5,127	4,665
OPERATING INCOME	849	859	865
OTHER INCOME (DEDUCTIONS):			
Interest charges	(227)	(246)	(270)
Other - net	5	2	16
Total other deductions - net	(222)	(244)	(254)
NET INCOME	627	615	611
PREFERRED STOCK DIVIDENDS	19	24	43
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 608	$ 591	$ 568

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

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	December 31, 1997	December 31, 1996
ELECTRIC UTILITY PLANT:		
Plant in service	$16,819	$16,406
Less accumulated depreciation	(8,355)	(7,610)
Net	8,464	8,796
Nuclear fuel under capital lease	186	182
Construction work in progress	131	220
Electric utility plant - net	8,781	9,198
CURRENT ASSETS:		
Cash and cash equivalents	3	78
Customer receivables, net of allowances of $9 and $12	471	460
Materials, supplies and fossil fuel inventory - at average cost	242	248
Deferred clause expenses	122	127
Other	104	98
Total current assets	942	1,011
OTHER ASSETS:		
Special use funds	1,007	806
Other	442	516
Total other assets	1,449	1,322
TOTAL ASSETS	$11,172	$11,531
CAPITALIZATION:		
Common shareholder's equity	$ 4,814	$ 4,668
Preferred stock without sinking fund requirements	226	289
Preferred stock with sinking fund requirements	-	42
Long-term debt	2,420	2,981
Total capitalization	7,460	7,980
CURRENT LIABILITIES:		
Commercial paper	40	-
Current maturities of long-term debt and preferred stock	180	4
Accounts payable	344	299
Customers' deposits	279	268
Accrued interest and taxes	180	301
Other	289	256
Total current liabilities	1,312	1,128
OTHER LIABILITIES AND DEFERRED CREDITS:		
Accumulated deferred income taxes	1,070	1,147
Deferred regulatory credit - income taxes	166	129
Unamortized investment tax credits	229	251
Storm and property insurance reserve	252	223
Other	683	673
Total other liabilities and deferred credits	2,400	2,423
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$11,172	$11,531

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

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)

	Years Ended December 31, 1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 627	$ 615	$ 611
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,034	955	909
Decrease in deferred income taxes and related regulatory credit	(98)	(25)	(107)
Increase (decrease) in accrued interest and taxes	(121)	22	12
Other - net	61	41	97
Net cash provided by operating activities	1,503	1,608	1,522
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(551)	(474)	(661)
Other - net	(83)	(124)	(73)
Net cash used in investing activities	(634)	(598)	(734)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of long-term debt	-	-	170
Retirement of long-term debt and preferred stock	(505)	(333)	(574)
Increase (decrease) in commercial paper	40	(179)	(47)
Capital contributions from FPL Group, Inc.	140	195	280
Dividends	(619)	(617)	(597)
Other - net	-	2	(21)
Net cash used in financing activities	(944)	(932)	(789)
Net increase (decrease) in cash and cash equivalents	(75)	78	(1)
Cash and cash equivalents at beginning of year	78	-	1
Cash and cash equivalents at end of year	$ 3	$ 78	$ -
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 216	$ 228	$ 252
Cash paid for income taxes	$ 575	$ 379	$ 479
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Additions to capital lease obligations	$ 81	$ 86	$ 84

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

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation - FPL Group, Inc.'s (FPL Group) operating activities consist of a rate-regulated public utility, Florida Power & Light Company (FPL), independent power projects and agricultural operations. FPL supplies electric service to 3.6 million customers throughout most of the east and lower west coasts of Florida. The independent power projects consist of owned and controlled entities, which are consolidated, and non-controlling ownership interests in joint ventures or leveraged leases.

The consolidated financial statements of FPL Group and FPL include the accounts of their respective 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 non-regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process. Recoverability of regulatory assets is assessed at each reporting period.

Various states, other than Florida, have either enacted legislation or are pursuing initiatives designed to deregulate the production and sale of electricity. By allowing customers to choose their electricity supplier, deregulation is expected to resu[lt] in a shift from cost-based rates to market-based rates for energy production and other services provided to retail customer[s]. Similar initiatives are also being pursued on the federal level. Although the legislation and initiatives vary substantially, commo[n] 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 that under any proposal, transmission and distribution activities would remain regulated.

In the event that FPL's generating operations are no longer subject to the provisions of FAS 71, as a result of market-based pricing due to regulatory or other changes, 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. The principal regulatory assets and liabilities are as follows:

	December 31, 1997	December 31, 1996
	(Millions of Dollars)	
Assets (included in other assets):		
Unamortized debt reacquisition costs	$171	$283
Plant-related deferred costs	$ 24	$ 46
Nuclear maintenance reserve cumulative effect adjustment	$ 14	$ 21
Deferred Department of Energy assessment	$ 48	$ 53
Liabilities:		
Deferred regulatory credit - income taxes	$166	$129
Unamortized investment tax credits	$229	$251
Storm and property insurance reserve	$252	$223

The storm and property insurance reserve is primarily related to transmission and distribution properties. The amounts presented above exclude clause-related regulatory assets and liabilities that are recovered or refunded over six- or twelve-month periods. These amounts are included in current assets and liabilities in the consolidated balance sheets. Further, othe[r] aspects of the business, such as generation assets and long-term power purchase commitments, would need to be review[ed] to assess their recoverability in a changed regulatory environment. Since there is no deregulation proposal currently unde[r] consideration in Florida, FPL is unable to predict what impact would result from a change to a more competitive environment or when such a change might occur.

In 1995, FPL began amortizing the plant-related deferred costs in the preceding table over a period of no more than five years as approved by the FPSC. Amounts recorded in 1997, 1996 and 1995 were $22 million, $28 million and $37 million, respectively. Pursuant to an FPSC-approved program started in 1995, FPL recorded as amortization expense a fixed amount of $30 million per year for nuclear assets plus, through 1997, an additional amount of amortization based on the level of retail base revenues achieved compared to a fixed amount for nuclear and fossil generating assets and certain regulatory assets. Under this program, $199 million, $160 million and $126 million of special amortization was recorded in 1997, 1996 and 1995, respectively. The 1997 and 1996 amounts include, as depreciation and amortization expense, $169 million and $20 million, respectively, for amortization of regulatory assets. All other special amortization amounts were applied against nuclear and fossil production assets. In December 1997, the FPSC voted to extend this program through 1999 and added costs associated with the decommissioning of nuclear plants and dismantling fossil plants to the cost categories covered by the plan. The decision was made after the FPSC conducted hearings that were requested by a third party.

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 approximately $154 million and $161 million at December 31, 1997 and 1996, respectively.

Revenues include amounts resulting from cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets utilized by these programs, and franchise fees. These revenues generally represent a pass-through of costs and include substantially all fuel, purchased power and interchange expenses, conservation- and environmental-related expenses, certain revenue taxes and franchise fees. 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.

In December 1997, a large customer of FPL filed a petition with the FPSC requesting a limited scope proceeding to reduce FPL's base rates. The petition asks the FPSC to reduce FPL's authorized return on common equity and to exclude amounts recorded under the FPSC-approved special amortization program in determining the amount of the rate reduction. FPL Group is unable to predict what course of action the FPSC might take and what effect, if any, this matter would have on FPL Group's and FPL's financial statements.

Electric Plant, Depreciation and Amortization - The cost of additions to units of utility property of FPL is added to electric utility plant. The cost of 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, 1997, the generating, transmission, distribution and general facilities of FPL represented approximately 47%, 13%, 33% and 7%, 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; a portion of the remaining electric plant in service is pledged as collateral for the senior term loan of FPL Group Capital Inc (FPL Group Capital).

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. For substantially all of FPL's property, depreciation and fossil fuel plant dismantlement studies are performed and filed with the FPSC at least every four years. Depreciation studies were filed in December 1997 and will be effective for 1998. The next fossil fuel plant dismantlement studies are scheduled to be filed by October 1, 1998 and will be effective for 1999. The weighted annual composite depreciation rate was approximately 4.3% for 1997, 4.1% for 1996 and 4.0% for 1995, excluding the effects of decommissioning and dismantlement. Further, these rates exclude approximately $222 million, $188 million and $163 million, respectively, of special and plant-related deferred cost amortization. See Regulation.

Nuclear Fuel - FPL leases nuclear fuel for all four of its nuclear units. Nuclear fuel lease expense was $85 million, $94 million and $104 million in 1997, 1996 and 1995, respectively. Included in this expense was an interest component of $9 million, $10 million and $11 million in 1997, 1996 and 1995, 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 and purchased power cost recovery clause (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 $186 million at December 31, 1997. 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 once every five years for FPL's four nuclear units and are submitted to the FPSC for approval. The next studies are scheduled to be filed by October 1, 1998 and will be effective for 1999. These studies assume prompt dismantlement for the Turkey Point Unit Nos. 3 and 4 with decommissioning activities commencing in 2012 and 2013, respectively. St. Lucie Unit No. 1 will be mothballed in 2016 until St. Lucie Unit No. 2 is ready for decommissioning in 2023. These studies also assume that FPL will be storing spent fuel on site pending removal to a U.S. Government facility. Decommissioning expense accruals, included in depreciation and amortization expense, were $85 million in 1997, 1996 and 1995. FPL's portion of the ultimate cost of decommissioning its four units, including dismantlement and reclamation, expressed in 1997 dollars, is currently estimated to aggregate $1.5 billion. At December 31, 1997 and 1996, the accumulated provision for nuclear decommissioning totaled $998 million and $805 million, respectively, and is included in accumulated depreciation.

Similarly, FPL accrues the cost of dismantling its fossil fuel plants over the expected service life of each unit. Fossil dismantlement expense totaled $17 million in both 1997 and 1996 and $25 million in 1995, and is included in depreciation and amortization expense. The ultimate cost of dismantlement for the fossil units, expressed in 1997 dollars, is estimated to be $266 million. At December 31, 1997 and 1996, the accumulated provision for fossil dismantlement totaled $162 million and $146 million, respectively, and is a component of accumulated depreciation.

Restricted assets for the payment of future expenditures to decommission FPL's nuclear units are included in special use funds of FPL. At December 31, 1997 and 1996, decommissioning fund assets were $850 million and $667 million, respectively. 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 3. 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.

In 1996, the Financial Accounting Standards Board (FASB) issued an exposure draft on accounting for obligations associated with the retirement of long-lived assets and recently decided to restudy the matter. A method proposed by the FASB would require the present value of estimated future cash flows to decommission FPL's nuclear power plants and dismantle its fossil power plants to be recorded as an increase to asset balances and as a liability. This amount is currently estimated to be $1.5 billion. Under that proposal, it is anticipated that there will be no effect on cash flows and, because of the regulatory treatment, there will be no significant effect on net income.

Accrual for Nuclear Maintenance Costs - In 1996, the FPSC approved a new method of accounting for maintenance costs incurred during nuclear refueling outages. Under this new method, the estimated maintenance costs relating to each unit's next planned outage will be accrued over the period beginning when the unit resumes operations until the end of the next refueling outage. Any difference between the estimated and actual costs will be included in O&M expenses when known. This approach results in FPL recognizing maintenance costs equivalent to slightly less than three outages per year based upon the current refueling outage schedule for FPL's four nuclear units. The cumulative effect of adopting this accounting method was $35 million and, in accordance with the FPSC order, was recorded as a regulatory asset which will be amortized and included in O&M expenses over a period not to exceed five years. In 1997 and 1996, $7 million and $14 million, respectively, of the cumulative adjustment was expensed.

Construction Activity - In accordance with an FPSC rule, FPL is not permitted to capitalize interest or a return on common equity during construction, except for projects that cost in excess of 1/2% of plant in service and will require more than one year to complete. The FPSC allows construction projects below the 1/2% threshold as an element of rate base. FPL Group's non-regulated 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. The storm fund, which totaled $157 million and $139 million at December 31, 1997 and 1996, respectively, is included in special use funds of FPL. 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 3 and Note 9 - 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 in FPL Group's consolidated balance sheets are FPL Group's participation in leveraged leases of $154 million and $157 million at December 31, 1997 and 1996, respectively. Additionally, other investments include non-majority owned interests in partnerships and joint ventures, essentially all of which are accounted for under the equity method.

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

Short-Term Debt - The year end weighted-average interest rate on short-term debt at December 31, 1997 was 6.3% (6.6% for FPL). Approximately $29 million of the non-FPL fossil-fuel inventory is pledged as collateral for short-term debt.

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. Under the special amortization program, $110 million of this regulatory asset was amortized in 1997. See Regulation. 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. FPL is included in the consolidated federal income tax return filed by FPL Group. FPL determines its income tax provision on the "separate return method." 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. The special amortization program included amortization of regulatory assets related to income taxes of $59 million and $20 million in 1997 and 1996, respectively.

2. Employee Retirement Benefits

Pension Benefits - Substantially all employees of FPL Group and its subsidiaries are covered by a noncontributory defined benefit pension plan. Plan benefits are generally based on employees' years of service and compensation during the last years of employment. Participants are vested after five years of service. During 1997, the pension plan was amended and restated to a cash balance design. This plan amendment, together with changes in assumptions, caused a $38 million decrease in 1997 pension cost and a $236 million decrease in the 1997 projected benefit obligation. Under this new design, benefits are described in terms of account balances and they accrue ratably over the years of service. All costs of the FPL Group pension plan are allocated to participating subsidiaries on a pro rata basis. In September 1997, a special retirement program was accepted by 456 bargaining unit employees at FPL.

For 1997, 1996 and 1995 the components of pension cost are as follows:

	Years Ended December 31,		
	1997	1996	1995
	(Millions of Dollars)		
Service cost	$ 38	$ 38	$ 32
Interest cost on projected benefit obligation	76	90	88
Actual return on plan assets	(343)	(123)	(350)
Net amortization and deferral	160	(24)	211
Negative pension cost	(69)	(19)	(19)
Effect of special retirement programs	18	-	5
FPL Group's pension cost	$ (51)	$ (19)	$ (14)
Pension cost allocated to FPL	$ (50)	$ (18)	$ (13)

FPL Group and its subsidiaries fund the pension cost calculated under the entry age normal level percentage of pay actuarial cost method, provided that this amount satisfies the minimum funding standards of the Employee Retirement Income Security Act of 1974, as amended, and is not greater than the maximum tax deductible amount for the year. No contributions to the plan were required for 1997, 1996 or 1995.

A reconciliation of the funded status of the plan to the amounts recognized in FPL Group's consolidated balance sheets is presented below:

	December 31,	
	1997	1996
	(Millions of Dollars)	
Plan assets at fair value, primarily listed stocks and bonds (a)	$2,287	$1,996
Actuarial present value of benefits for services rendered to date (a):		
Accumulated benefits based on salaries to date, including vested benefits of $1.103 billion and $898 million	1,127	951
Additional benefits based on estimated future salary levels	19	311
Projected benefit obligation (a)	1,146	1,262
Plan assets in excess of projected benefit obligation	1,141	734
Prior service (credits) costs not recognized in net periodic pension cost	(117)	175
Unrecognized net asset at January 1, 1986, being amortized over 19 years - net of accumulated amortization	(163)	(187)
Unrecognized net gain	(762)	(675)
Prepaid pension cost of FPL Group	$ 99	$ 47
Prepaid pension cost allocated to FPL	$ 94	$ 43

(a) Measured as of September 30.

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 6.50% and 7.00% for 1997 and 1996, respectively. The assumed rate of increase in future compensation levels was 5.5% for both years. The expected long-term rate of return on plan assets used in determining pension cost was 7.75% for 1997, 1996 and 1995. In 1996, FPL Group elected to change the measurement date for pension obligations and plan assets from December 31 to September 30. The effect of this accounting change was not material.

Other Postretirement Benefits - FPL Group and its subsidiaries have defined benefit postretirement plans for health care and life insurance benefits that cover substantially all employees. All costs of the FPL Group plans are allocated to participating subsidiaries on a pro rata basis. Eligibility for health care benefits is based upon age plus years of service at retirement. The plans are contributory and contain cost-sharing features such as deductibles and coinsurance. FPL Group has set a cap on company contributions for postretirement health care which may be reached at some point in the future depending on actual claims experience. Generally, life insurance benefits for retirees are capped at $50,000. FPL Group's policy is to fund postretirement benefits in amounts determined at the discretion of management.

For 1997, 1996 and 1995, the components of net periodic postretirement benefit cost are as follows:

	Years Ended December 31,		
	1997	1996	1995
	(Millions of Dollars)		
Service cost	$ 6	$ 5	$ 4
Interest cost	21	18	18
Actual return on plan assets	(28)	(4)	(23)
Amortization of transition obligation	3	3	3
Net amortization and deferral	21	(2)	17
FPL Group's postretirement benefit cost	$ 23	$20	$ 19
Postretirement benefit cost allocated to FPL	$ 23	$19	$ 18

A reconciliation of the funded status of the plan to the amounts recognized in FPL Group's consolidated balance sheets is presented below:

	December 31, 1997	December 31, 1996
	(Millions of Dollars)	
Plan assets at fair value, primarily listed stocks and bonds (a)	$125	$107
Accumulated postretirement benefit obligation (a):		
Retirees	214	189
Fully eligible active plan participants	9	3
Other active plan participants	101	81
Total	324	273
Accumulated postretirement benefit obligation in excess of plan assets	199	166
Unrecognized net transition obligation (amortized over 20 years)	(53)	(56)
Unrecognized net loss	(23)	(10)
Accrued postretirement benefit liability of FPL Group	$123	$100
Accrued postretirement benefit liability allocated to FPL	$122	$100

(a) Measured as of September 30.

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) for 1997 was 7.0% for retirees under age 65 and 6.0% for retirees over age 65. These rates are assumed to decrease gradually to 5.0% by 2003. The cap on FPL Group's contributions mitigates the potential significant increase in costs resulting from an increase in the health care cost trend rate. Increasing the assumed health care cost trend rate by one percentage point would increase the plan's accumulated postretirement benefit obligation as of September 30, 1997 by $12 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost of the plan for 1997 by approximately $1 million.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 6.50% and 7.00% for 1997 and 1996, respectively. The expected long-term rate of return on plan assets used in determining postretirement benefit cost was 7.75% for 1997, 1996 and 1995. In 1996, FPL Group elected to change the measurement date for benefit obligations and plan assets from December 31 to September 30. The effect of this accounting change was not material.

3. Financial Instruments

The carrying amounts of cash equivalents and short-term debt approximate their fair values. Certain investments of FPL Group, included in other investments, are carried at estimated fair value which was $51 million and $66 million at December 31, 1997 and 1996, respectively. 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.

	December 31, 1997		December 31, 1996	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Millions of Dollars)			
Preferred stock of FPL with sinking fund requirements (a)	$ -	$ -	$ 46	$ 47(b)
Long-term debt of FPL (a)	$2,600	$2,679(b)	$2,981	$3,001(b)
Long-term debt of FPL Group (a)	$3,147	$3,236(b)	$3,295	$3,319(b)
Interest rate swap agreements of FPL Group	$ -	$ 31(c)	$ -	$ -

(a) Includes current maturities.
(b) Based on quoted market prices for these or similar issues.
(c) Based on estimated cost to terminate the agreements.

Special Use Funds - Securities held in the special use funds are carried at estimated fair value. Slightly more than one-half of the nuclear decommissioning fund consists of municipal and corporate debt securities with a weighted-average maturity of 10 years. The remaining balance consists of equity securities. The storm fund primarily consists of municipal debt securities with a weighted-average maturity of 4 years. The cost of securities sold is determined on the specific identification method. The funds had realized gains of $3 million and realized losses of $2 million in 1997, $8 million and $9 million in 1996 and $13 million and $4 million in 1995, respectively. The funds had unrealized gains of $126 million and $55 million at December 31, 1997 and 1996, respectively; the unrealized losses at those dates were $1 million and $2 million. The proceeds from the sale of securities in 1997, 1996 and 1995 were $800 million, $1.05 billion and $950 million, respectively.

4. Common Shareholders' Equity

FPL Group - The changes in common shareholders' equity accounts of FPL Group are as follows:

	Common Stock (a)		Additional			Common
	Shares	Aggregate Par Value	Paid-In Capital	Unearned Compensation	Retained Earnings	Shareholders' Equity
	(In Millions)					
Balances, December 31, 1994	187	$2	$3,486	$(304)	$1,014	
Net income	-	-	-	-	553	
Repurchase of common stock ...	(2)	-	(69)	-	-	
Dividends on common stock	-	-	-	-	(309)	
Earned compensation under ESOP	-	-	5	17	-	
Other	-	-	(2)	-	1	
Balances, December 31, 1995	185(b)	2	3,420	(287)	1,259	
Net income	-	-	-	-	579	
Repurchase of common stock ...	(2)	-	(82)	-	-	
Dividends on common stock	-	-	-	-	(320)	
Earned compensation under ESOP	-	-	8	15	-	
Other	-	-	(1)	-	-	
Balances, December 31, 1996	183(b)	2	3,345	(272)	1,518	$4,593
Net income	-	-	-	-	618	
Repurchase of common stock ...	(1)	-	(48)	-	-	
Dividends on common stock	-	-	-	-	(332)	
Earned compensation under ESOP	-	-	6	8	-	
Balances, December 31, 1997	182(b)	$2	$3,303	$(264)	$1,804	$4,845

(a) $.01 par value, authorized - 300,000,000 shares; outstanding 181,762,385 and 182,815,135 at December 31, 1997 and 1996, respectively.
(b) Outstanding and unallocated shares held by the ESOP Trust totaled 8.9 million, 9.3 million and 9.8 million at December 31, 1997, 1996 and 1995, respectively.

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 1997, 1996 and 1995, 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 $19 million in 1997, $23 million in 1996 and $18 million in 1995 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, 1997 was approximately $259 million, representing 8.9 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, 1997 was approximately $528 million.

Long-Term Incentive Plan - In 1994, FPL Group's board of directors and its shareholders approved FPL Group's current long-term incentive plan. Under this plan, 9 million shares of common stock are reserved and available for awards to officers and employees of FPL Group and its subsidiaries as of December 31, 1997. Total compensation charged against earnings under the incentive plan was not material in any year. The changes in share awards under the incentive plan are as follows:

	Performance Shares(a)	Restricted Stock	Non-qualified Option Shares(a)
Balances, December 31, 1994	377,190	187,750	38,387
Granted (b)	97,786	13,500	-
Exercised at $30 7/8	-	-	(23,136)
Paid/released	(123,328)	(3,000)	-
Forfeited	(31,312)	(4,050)	(4,066)
Balances, December 31, 1995	320,336	194,200	11,185
Granted (b)	90,772	23,000	-
Exercised at $30 7/8	-	-	(10,935)
Paid/released	(60,359)	(34,250)	-
Forfeited	(39,222)	(16,650)	(250)
Balances, December 31, 1996	311,527	166,300	-
Granted (b)	212,011	71,000	-
Paid/released	(70,008)	-	-
Forfeited	(10,942)	(17,750)	-
Balances, December 31, 1997	442,588(c)	219,550(d)	-

(a) Performance shares and non-qualified option shares resulted in 132 thousand, 124 thousand and 112 thousand assumed incremental shares of common stock outstanding for purposes of computing diluted earnings per share in 1997, 1996 and 1995, respectively. These incremental shares did not change basic earnings per share.
(b) The average grant date fair value of equity instruments issued under the incentive plan was $13 million in 1997, $5 million in 1996 and $4 million in 1995.
(c) Payment of performance shares is based on the market price of FPL Group's common stock when the related performance goal is achieved.
(d) Shares of restricted stock were issued at market value at the date of the grant.

The accounting and disclosure requirements of FAS 123, "Accounting for Stock-Based Compensation," became effective in 1996. The statement encourages a fair value-based method of accounting for stock-based compensation. FPL Group, however, elected to continue the use of the intrinsic value-based method of accounting as permitted by the statement. The results of utilizing the accounting method recommended in FAS 123 would not have a material effect on FPL Group's results of operations or earnings per share.

Other - Each share of common stock has been granted a Preferred Share Purchase Right (Right), which is exercisable 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.

FPL - The changes in common shareholder's equity accounts of FPL are as follows:

	Common Stock (a)	Additional Paid-In Capital	Retained Earnings	Common Share-holder's Equity
		(Millions of Dollars)		
Balances, December 31, 1994	$1,373	$1,947	$ 866	
Contributions from FPL Group	-	280	-	
Net income available to FPL Group	-	-	568	
Dividends to FPL Group	-	-	(558)	
Other	-	2	(4)	
Balances, December 31, 1995	1,373	2,229	872	
Contributions from FPL Group	-	195	-	
Net income available to FPL Group	-	-	591	
Dividends to FPL Group	-	-	(593)	
Other	-	-	1	
Balances, December 31, 1996	1,373	2,424	871	$4,668
Contributions from FPL Group	-	140	-	
Net income available to FPL Group	-	-	608	
Dividends to FPL Group	-	-	(601)	
Other	-	2	(3)	
Balances, December 31, 1997	$1,373	$2,566	$ 875	$4,814

(a) Common stock, no par value, 1,000 shares authorized, issued and outstanding.

5. Preferred Stock

FPL Group's charter authorizes the issuance of 100 million shares of serial preferred stock, $.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, 1997		December 31,	
	Shares Outstanding	Redemption Price	1997	1996
			(Millions of Dollars)	
Cumulative, No Par Value, authorized 10,000,000 shares at December 31, 1996; without sinking fund requirements - $2.00 No Par Value, Series A (Involuntary Liquidation Value $25 Per Share) (b)			-	$ 63
Cumulative, $100 Par Value, authorized 15,822,500 shares at December 31, 1997 and 1996:				
Without sinking fund requirements:				
4 1/2% Series	100,000	$101.00	$ 10	10
4 1/2% Series A	50,000	$101.00	5	5
4 1/2% Series B	50,000	$101.00	5	5
4 1/2% 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(c)	75	75
7.05% Series T	500,000	$103.52(c)	50	50
6.75% Series U	650,000	$103.37(c)	65	65
Total preferred stock of FPL without sinking fund requirements	2,262,500		226	289
Less current maturities	-		-	-
Total preferred stock of FPL without sinking fund requirements, excluding current maturities	2,262,500		$226	$289
With sinking fund requirements:				
6.84% Series Q (d)			-	$ 41
8.625% Series R (e)			-	5
Total preferred stock of FPL with sinking fund requirements			-	46
Less current maturities			-	4
Total preferred stock of FPL with sinking fund requirements, excluding current maturities			-	$ 42

(a) FPL's charter authorizes the issuance of 5 million shares of subordinated preferred stock, no par value. None of these shares is outstanding. There were no issuances of preferred stock in 1997, 1996 and 1995. In 1996, FPL redeemed 600,000 shares of its 7.28% Preferred Stock, Series F, $100 Par Value and 400,000 shares of its 7.40% Preferred Stock, Series G, $100 Par Value.
(b) In 1997, FPL redeemed all of the outstanding shares of its $2.00 No Par Value Preferred Stock, Series A.
(c) Not redeemable prior to 2003.
(d) FPL redeemed and retired 30,000 shares in 1996 and the remaining 410,000 shares in 1997.
(e) FPL redeemed and retired 50,000 shares in 1996 and the remaining 50,000 shares in 1997.

6. Long-Term Debt

Long-term debt consists of the following:

	December 31, 1997	December 31, 1996
	(Millions of Dollars)	
FPL		
First mortgage bonds:		
Maturing through 2000 - 5 3/8% to 5 1/2%	$ 355	$ 355
Maturing 2001 through 2015 - 6 5/8% to 7 7/8%	642	660
Maturing 2016 through 2026 - 7% to 7 3/4%	741	910
Medium-term notes:		
Maturing 1998 - 5.50% to 6.20%	180	180
Maturing 2003 - 5.79%	70	107
Maturing 2016 through 2022 - 8%	-	99
Pollution control and industrial development series - Maturing 2020 through 2027 - 6.7% to 7.5%	150	150
Pollution control, solid waste disposal and industrial development revenue bonds - Maturing 2021 through 2029 - variable, 3.9% and 3.6% average annual interest rate, respectively	484	484
Installment purchase and security contracts - Maturing 2007 - 5.9%	-	2
Quarterly Income Debt Securities (Subordinated Deferrable Interest Debentures) - Maturing 2025 - 8.75%	-	62
Unamortized discount - net	(22)	(28)
Total long-term debt of FPL	2,600	2,981
Less current maturities	180	-
Long-term debt of FPL, excluding current maturities	2,420	2,981
FPL Group Capital		
Debentures:		
Maturing 1997 - 6 1/2%	-	150
Maturing 2013 - 7 5/8%	125	125
Senior term loan - Maturing 2007 - variable (a)	333	-
Other long-term debt - 3.5% to 8.58% due various dates to 2013	91	41
Unamortized discount	(2)	(2)
Total long-term debt of FPL Group Capital	547	314
Less current maturities	18	151
Long-term debt of FPL Group Capital, excluding current maturities	529	163
Total long-term debt	$2,949	$3,144

(a) A notional principal amount of $267 million at December 31, 1997 is hedged with interest rate swap agreements to reduce the impact of changes in interest rates on variable rate long-term debt. The swap agreements effectively change the variable interest rates to an average fixed rate of 9.7% and expire in 2001.

Minimum annual maturities of long-term debt for FPL Group for 1998-2002 are approximately $198 million, $322 million, $147 million, $24 million and $27 million, respectively. The respective amounts for FPL are $180 million, $230 million, $125 million, with no amounts due in 2001 and 2002.

Available lines of credit aggregated approximately $1.3 billion ($900 million for FPL) at December 31, 1997, all of which were based on firm commitments.

7. Income Taxes

The components of income taxes are as follows:

	FPL Group Years Ended December 31, 1997	1996	1995	FPL Years Ended December 31, 1997	1996	1995
	(Millions of Dollars)					
Federal:						
Current	$308	$355	$381	$377	$388	$395
Deferred	(34)	(77)	(78)	(83)	(81)	(85)
ITC - net	(22)	(31)	(22)	(22)	(31)	(20)
Total federal	252	247	281	272	276	290
State:						
Current	52	63	59	60	53	64
Deferred	-	(16)	(11)	(3)	-	(7)
Total state	52	47	48	57	53	57
Income taxes charged to operations - FPL				329	329	347
Credited to other income (deductions) - FPL				(8)	(7)	(5)
Total income taxes	$304	$294	$329	$321	$322	$342

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

	FPL Group Years Ended December 31, 1997	1996	1995	FPL Years Ended December 31, 1997	1996	1995
Statutory federal income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increases (reductions) resulting from:						
State income taxes - net of federal income tax benefit	3.7	3.5	3.5	3.9	3.7	3.9
Amortization of ITC	(2.4)	(3.6)	(2.4)	(2.3)	(3.3)	(2.2)
Amortization of deferred regulatory credit - income taxes	(1.8)	(2.0)	(2.0)	(1.8)	(1.9)	(1.8)
Adjustments of prior years' tax matters	(2.7)	(1.3)	(0.1)	(1.7)	(0.1)	(0.5)
Preferred stock dividends - FPL	0.7	1.0	1.7	-	-	-
Other - net	0.5	1.0	1.6	0.8	0.9	1.5
Effective income tax rate	33.0%	33.6%	37.3%	33.9%	34.3%	35.9%

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

	FPL Group December 31, 1997	1996	FPL December 31, 1997	1996
	(Millions of Dollars)			
Deferred tax liabilities:				
Property-related	$1,663	$1,708	$1,631	$1,677
Investment-related	436	384	-	-
Other	362	342	185	188
Total deferred tax liabilities	2,461	2,434	1,816	1,865
Deferred tax assets and valuation allowance:				
Asset writedowns and capital loss carryforward	110	155	-	-
Unamortized ITC and deferred regulatory credit - income taxes	153	147	153	147
Storm and decommissioning reserves	246	224	246	224
Other	507	442	347	347
Valuation allowance	(28)	(65)	-	-
Net deferred tax assets	988	903	746	718
Accumulated deferred income taxes	$1,473	$1,531	$1,070	$1,147

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 Internal Revenue Service (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.

8. Jointly-Owned Electric Utility Plant

FPL owns approximately 85% of the 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, 1997, FPL's gross investment in these units was $1.173 billion, $328 million and $573 million, respectively; accumulated depreciation was $484 million, $155 million and $160 million, respectively.

FPL is responsible for its share of the operating costs, as well as providing its own financing. At December 31, 1997, there was no significant balance of construction work in progress on these facilities.

9. 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 $1.8 billion for 1998 through 2000. Included in this three-year forecast are capital expenditures for 1998 of approximately $620 million. Also, in January 1998 FPL Group acquired interests in two power plants in the Northeast and announced plans to purchase all of Central Maine Power Company's (Central Maine) non-nuclear generation assets. The Central Maine transaction is expected to close in the second half of 1998 and is subject to approval by federal and state regulators. Commitments for energy-related acquisitions, including the acquisitions mentioned above, are $1.1 billion for 1998. FPL Group Capital and its subsidiaries have guaranteed approximately $240 million of lease obligations, debt service payments and other payments subject to certain contingencies. This amount includes guarantees associated with acquisitions occurring in early 1998.

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 $327 million per incident at any nuclear utility reactor in the United States, payable at a rate not to exceed $40 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 $68 million in retrospective premiums.

FPL also participates in a program that provides $200 million of tort liability coverage industry wide for nuclear worker claims. In the event of a tort claim by an FPL or another insured's nuclear worker, FPL could be assessed up to $12 million in retrospective premiums per incident.

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 and FPL's financial condition.

FPL self-insures certain of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. FPL maintains a funded storm and property insurance reserve, which totaled approximately $252 million at December 31, 1997, for T&D 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 has entered into certain 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 374 mw through 2022. FPL also has various firm pay-for-performance contracts to purchase approximately 1,000 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. The fuel contracts provide for the transportation and supply of natural gas and coal and the supply and use of Orimulsion. Orimulsion is a new fuel that FPL expected to begin using in 1998. The contract and related use of this fuel is subject to regulatory approvals. In 1996, Florida's Power Plant Siting Board denied FPL's request to burn Orimulsion at the Manatee power plant. FPL appealed the denial. In 1997, Florida's Power Plant Siting Board remanded selected issues for hearing before an administrative law judge. Hearings took place in January and February 1998. A decision is pending.

The required capacity and minimum payments through 2001 under these contracts are estimated to be as follows:

	1998	1999	2000	2001	2002
		(Millions of Dollars)			
Capacity payments:					
JEA	$ 80	$ 90	$ 90	$ 90	$ 90
Southern Companies	$130	$130	$120	$120	$120
Qualifying facilities (a)	$350	$360	$370	$380	$400
Minimum payments, at projected prices:					
Natural gas, including transportation	$230	$220	$220	$220	$220
Orimulsion (b)	-	$ -	$140	$140	$140
Coal	$ 50	$ 40	$ 40	$ 40	$ 40

(a) Includes approximately $35 million, $40 million, $40 million, $40 million and $45 million, respectively, for capacity payments associated with two projects that are currently in dispute. These capacity payments are subject to the outcome of the related litigation. See Litigation.
(b) All of FPL's Orimulsion-related contract obligations are subject to obtaining the required regulatory approvals.

Capacity, energy and fuel charges under these contracts were as follows:

	1997 Charges		1996 Charges		1995 Charges	
	Capacity	Energy/ Fuel (a)	Capacity	Energy/ Fuel (a)	Capacity	Energy/ Fuel (a)
			(Millions of Dollars)			
JEA	$ 78(b)	$ 50	$ 77(b)	$ 49	$ 83(b)	$ 47
Southern Companies	$123(c)	$103	$115(c)	$ 99	$130(c)	$ 94
Qualifying facilities	$296(c)	$128	$279(c)	$125	$158(c)	$ 92
Natural gas	-	$413	-	$422	-	$361
Coal	-	$ 52	-	$ 49	-	$ 37

(a) Recovered through the fuel clause.
(b) Recovered through base rates and the capacity cost recovery clause (capacity clause).
(c) Recovered through the capacity clause.

Litigation - In 1997, FPL filed a complaint against the owners of two qualifying facilities (plant owners) seeking an order declaring that FPL's obligations under the power purchase agreements with the qualifying facilities were rendered of no force and effect because the power plants failed to accomplish commercial operation before January 1, 1997, as required by the agreements. In 1997, the plant owners filed for bankruptcy under Chapter XI of the United States Bankruptcy Code, ceased all attempts to operate the power plants and entered into an agreement with the holders of more than 70% of the bonds that partially financed the construction of the plants. This agreement gives the holder of a majority of the principal amount of the bonds (the majority bondholders) the right to control, fund and manage any litigation against FPL and the right to settle with FPL on any terms such holders approve, provided that certain agreements are not affected and certain conditions are met. In January 1998, the plant owners (through the attorneys for the majority bondholders) filed an answer denying the allegations in FPL's complaint and asserted a counterclaim for approximately $2 billion, consisting of all capacity payments that could have been made over the 30-year term of the power purchase agreements, plus some security deposits. The plant owners also seek three times their actual damages for alleged violations of Florida antitrust laws, plus attorneys' fees.

The Florida Municipal Power Agency (FMPA), an organization comprised of municipal electric utilities, has sued FPL for allegedly breaching a "contract" to provide transmission service to the FMPA and its members and for breaching antitrust laws by monopolizing or attempting to monopolize the provision, coordination and transmission of electric power in refusing to provide transmission service, or to permit the FMPA to invest in and use FPL's transmission system, on the FMPA's proposed terms. The FMPA seeks $140 million in damages, before trebling for the antitrust claim, and court orders requiring FPL to permit the FMPA to invest in and use FPL's transmission system on "reasonable terms and conditions" and on a basis equal to FPL. In 1995, the Court of Appeals vacated the District Court's summary judgment in favor of FPL and remanded the matter to the District Court for further proceedings. In 1996, the District Court ordered the FMPA to seek a declaratory ruling from the FERC regarding certain issues in the case. All other action in the case has been stayed pending the FERC's ruling.

A former cable installation contractor for Telesat Cablevision, Inc. (Telesat), a wholly-owned subsidiary of FPL Group Capital, sued FPL Group, FPL Group Capital and Telesat for breach of contract, fraud, violation of racketeering statutes and several other claims. The trial court entered a judgment in favor of FPL Group and Telesat on nine of twelve counts, including all of the racketeering and fraud claims, and in favor of FPL Group Capital on all counts. It also denied all parties' claims for attorneys' fees. However, the jury in the case awarded the contractor damages totaling approximately $6 million against FPL Group and Telesat for breach of contract and tortious interference. All parties have appealed.

FPL Group and FPL believe that they have meritorious defenses to the litigation to which they are parties described above and are vigorously defending these suits. Accordingly, the liabilities, if any, arising from these proceedings are not anticipated to have a material adverse effect on their financial statements.

10. Summarized Financial Information of FPL Group Capital (Unaudited)

FPL Group Capital's debenture is guaranteed by FPL Group and included in FPL Group's consolidated balance sheets. Operating revenues of FPL Group Capital for the three years ended December 31, 1997, 1996 and 1995 were $237 million, $50 million and $62 million, respectively. For the same periods, operating expenses were $186 million, $65 million and $77 million, respectively. Net income for 1997, 1996 and 1995 was $27 million, $11 million and $2 million, respectively.

At December 31, 1997, FPL Group Capital had $156 million of current assets, $1.447 billion of noncurrent assets, $252 million of current liabilities and $999 million of noncurrent liabilities. At December 31, 1996, FPL Group Capital had current assets of $144 million, noncurrent assets of $857 million, current liabilities of $182 million and noncurrent liabilities of $595 million.

The expansion and restructuring of a number of ESI Energy, Inc. projects contributed to the fluctuation in certain account balances as disclosed above. Beginning in 1997, several projects are consolidated in FPL Group Capital's financial statements, including the accounts of a 665 mw gas-fired exempt wholesale generator and two solar projects. These transactions increased non-current assets by approximately $555 million and noncurrent liabilities by approximately $336 million as of December 31, 1997, as well as contributed to the increase in operating revenues and operating expenses during 1997.

11. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information for 1997 and 1996 is as follows:

	March 31 (a)	June 30 (a)	September 30 (a)	December 31 (a)
		(In millions, except per share amounts)		
FPL Group:				
1997				
Operating revenues	$ 1,445	$ 1,587	$ 1,859	$ 1,478
Operating income	$ 225	$ 321	$ 464	$ 218
Net income	$ 101	$ 164	$ 262	$ 91
Earnings per share(b)	$ 0.58	$ 0.95	$ 1.52	$ 0.52
Dividends per share	$ 0.48	$ 0.48	$ 0.48	$ 0.48
High-low trading prices	$46 3/4 - 43 5/8	$48 1/8 - 42 5/8	$51 9/16 - 45 1/2	$ 60 - 49 1/2
1996				
Operating revenues	$ 1,358	$ 1,474	$ 1,770	$ 1,435
Operating income	$ 223	$ 299	$ 459	$ 190
Net income	$ 94	$ 150	$ 250	$ 85
Earnings per share(b)	$ 0.54	$ 0.86	$ 1.44	$ 0.49
Dividends per share	$ 0.46	$ 0.46	$ 0.46	$ 0.46
High-low trading prices	$ 48 - 42 1/8	$46 1/4 - 41 1/2	$ 46 5/8 - 42 5/8	$48 1/8 - 43 1/8
FPL:				
1997				
Operating revenues	$ 1,399	$ 1,541	$ 1,819	$ 1,373
Operating income	$ 168	$ 220	$ 311	$ 150
Net income	$ 110	$ 164	$ 256	$ 97
Net income available to FPL Group	$ 104	$ 160	$ 251	$ 93
1996				
Operating revenues	$ 1,341	$ 1,455	$ 1,761	$ 1,429
Operating income	$ 167	$ 219	$ 317	$ 156
Net income	$ 107	$ 158	$ 253	$ 97
Net income available to FPL Group	$ 101	$ 153	$ 247	$ 90

(a) In the opinion of FPL Group and FPL, 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. The change in the method of accounting for the cost of nuclear refueling outages described in Note 1 did not have a material effect on the operating results of any quarter.

(b) Basic and assuming dilution.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrants

FPL Group - The information required by this Item will be included in FPL Group's Proxy Statement which will be filed with the Securities and Exchange Commission in connection with the 1998 Annual Meeting of Shareholders (FPL Group's Proxy Statement) and is incorporated herein by reference, or is included in Item I. Business - Executive Officers of the Registrants.

FPL DIRECTORS[a]

James L. Broadhead. Mr. Broadhead, 62, is chairman and chief executive officer of FPL and chairman, president and chief executive officer of FPL Group. He is a director of Delta Air Lines, Inc. and The Pittston Company, and a board fellow of Cornell University. Mr. Broadhead has been a director of FPL and FPL Group since 1989.

Dennis P. Coyle. Mr. Coyle, 59, is general counsel and secretary of FPL and FPL Group. Mr. Coyle has been a director of FPL since 1990.

Paul J. Evanson. Mr. Evanson, 56, became the president of FPL in January 1995, after having served as senior vice president, finance and chief financial officer of FPL and vice president, finance and chief financial officer of FPL Group since December 1992. He is a director of Lynch Corporation and Southern Energy Homes, Inc. Mr. Evanson has been a director of FPL since 1992 and a director of FPL Group since 1995.

Lawrence J. Kelleher. Mr. Kelleher, 50, is senior vice president, human resources of FPL and vice president, human resources of FPL Group. Mr. Kelleher has been a director of FPL since 1990.

Thomas F. Plunkett. Mr. Plunkett, 58, is president of FPL's nuclear division. He was formerly site vice president at Turkey Point. Mr. Plunkett has been a director of FPL since 1996.

C. O. Woody. Mr. Woody, 59, became president of the power generation division in January 1998. He was formerly senior vice president, power generation of FPL. Mr. Woody has been a director of FPL since 1989.

Michael W. Yackira. Mr. Yackira, 46, became president of FPL Energy, Inc. in January 1998. Prior to that, Mr.Yackira was senior vice president, finance and chief financial officer of FPL and vice president, finance and chief financial officer of FPL Group from January 1995 to January 1998. Prior to that, Mr. Yackira was senior vice president, market and regulatory services of FPL. Mr. Yackira has been a director of FPL since 1990.

(a) Directors are elected annually and serve until their resignation, removal or until their respective successors are elected. Each director's business experience during the past five years is noted either here or in the Executive Officers table in Item 1. Business - Executive Officers of the Registrants.

Item 11. Executive Compensation

FPL Group - The information required by this Item will be included in FPL Group's Proxy Statement and is incorporated herein by reference, provided that the Compensation Committee Report and Performance Graph which are contained in FPL Group's Proxy Statement shall not be deemed to be incorporated herein by reference.

FPL - The following table sets forth FPL's portion of the compensation paid during the past three years to FPL's chief executive officer and the other four most highly-compensated persons who served as executive officers of FPL at December 31, 1997.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	Restricted Stock Awards(a)	Long-Term Incentive Plan Payouts(b)	All Other Compensation(c)
James L. Broadhead (a)	1997	$846,000	$824,850	$ 9,813	-	$1,402,140	$11,286
Chairman of the Board and Chief	1996	799,800	633,423	10,601	-	920,892	12,727
Executive Officer of FPL and FPL Group, President of FPL Group	1995	749,567	637,000	30,342	-	947,387	15,901
Paul J. Evanson	1997	564,300	423,200	2,646	-	306,741	15,233
President	1996	540,000	340,200	2,925	-	197,471	15,868
	1995	500,000	307,400	3,691	-	155,513	12,906
Dennis P. Coyle	1997	353,628	198,904	3,600	-	310,021	10,653
General Counsel and Secretary	1996	334,800	158,193	-	-	203,637	10,742
of FPL and FPL Group	1995	303,849	138,957	3,756	-	223,724	11,972
C.O. Woody	1997	308,000	135,800	5,663	$572,500	279,837	12,959
President of the Power Generation	1996	295,000	142,500	3,882	-	184,711	13,448
Division	1995	283,300	133,400	3,234	-	207,350	15,539
Michael W. Yackira	1997	300,800	195,520	3,600	538,150	222,173	10,115
President of FPL Energy, Inc.	1996	279,000	131,874	3,886	-	145,942	9,908
	1995	239,250	110,403	4,526	-	153,294	9,092

(a) At December 31, 1997, Mr. Broadhead held 96,800 shares of restricted common stock with a value of $5,729,350. These shares were awarded in 1991 for the purpose of financing Mr. Broadhead's supplemental retirement plan and will offset lump sum benefits that would otherwise be payable to him i cash upon retirement. See Retirement Plans herein. In 1997, 10,000 restricted shares were awarded to Messrs. Woody and Yackira, which will ve on June 18, 2000 and August 14, 2007, respectively. Dividends at normal rates are paid on restricted common stock.

(b) Payouts were made in cash (for payment of income taxes) and shares of common stock, valued at the closing price on the last business day preceding payout. Messrs. Evanson and Woody deferred their payouts under FPL Group's Deferred Compensation Plan.

(c) Represents employer matching contributions to employee thrift plans and employer contributions for life insurance as follows:

	Thrift Match	Life Insurance
Mr. Broadhead	$7,144	$4,142
Mr. Evanson	7,600	7,633
Mr. Coyle	7,144	3,509
Mr. Woody	7,600	5,359
Mr. Yackira	7,144	2,971

Long-Term Incentive Plan Awards - In 1997, performance awards under FPL Group's Long-Term Incentive Plan were made to the executive officers named in the Summary Compensation Table as set forth in the following tables.

LONG-TERM INCENTIVE PLAN AWARDS

			Estimated Future Payouts Under Non-Stock Price-Based Plans Number of Shares		
Name	Number of Shares	Performance Period Until Payout	Threshold	Target	Maximum
James L. Broadhead	22,310	1/1/97 - 12/31/00	-	22,310	35,696
Paul J. Evanson	8,902	1/1/97 - 12/31/00	-	8,902	14,243
Dennis P. Coyle	5,087	1/1/97 - 12/31/00	-	5,087	8,139
C. O. Woody	4,165	1/1/97 - 12/31/00	-	4,165	6,664
Michael W. Yackira	4,327	1/1/97 - 12/31/00	-	4,327	6,923

Shown in the preceding table, the performance share awards are payable at the end of the four-year performance period. Th amount of the payout is determined by multiplying the participant's target number of shares by his average level of attainment, expressed as a percentage, which may not exceed 160%, of his targeted awards under the Annual Incentive Plans for each of the years encompassed by the award period. Annual incentive compensation is based on the attainment of net income goals for FPL and FPL Group, which are established by the Compensation Committee of FPL Group's Board of Directors (the Committee) at the beginning of the year. The amounts earned on the basis of this performance measure are subject to reduction based on the degree of achievement of other corporate and business unit performance measures, and in the discretion of the Committee. Mr. Broadhead's annual incentive compensation for 1997 was based on the achievement of FPL Group's net income goals and the following performance measures for FPL (weighted 85%) and the non-utility and/or new businesses (weighted 15%) and upon certain qualitative factors. For FPL, the incentive performance measures were financial indicators (weighted 50%) and operating indicators (weighted 50%). The financial indicators were operations and maintenance costs, capital expenditure levels, net income, regulatory return on equity and operating cash flow. The operating indicators were service reliability as measured by the frequency and duration of service interruptions, system performance as measured by availability factors for the fossil and nuclear power plants, SALP ratings for nuclear power plants, unplanned trips of nuclear power plants, employee safety, number of significant environmental violations, customer satisfaction survey results, load management installed capability, conservation programs' annual installed capacity and full-time equivalent workforce. For the non-utility and/or new businesses, the performance measures were total combined net income and the achievement of the net income targets for ESI Energy, Inc. and Turner Foods Corporation and to develop wholesale energy marketing capabilities, develop retail marketing strategy, evaluate international acquisitions and evaluate domestic electric and gas acquisitions. The qualitative factors included measures to position FPL Group for greater competition and initiating other actions that significantly strengthen FPL and FPL Group and enhance shareholder value.

			Estimated Future Payouts Under Non-Stock Price-Based Plans Number of Shares		
Name	Number of Shares	Performance Period Until Payout	Threshold	Target	Maximum
James L. Broadhead	15,211	1/1/97 - 12/31/99	-	15,211	24,338
Paul J. Evanson	7,630	1/1/97 - 12/31/99	-	7,630	12,208
Dennis P. Coyle	3,815	1/1/97 - 12/31/99	-	3,815	6,104
C. O. Woody	3,123	1/1/97 - 12/31/99	-	3,123	4,997
Michael W. Yackira	3,606	1/1/97 - 12/31/99	-	3,606	5,770

Shown in the preceding table, the shareholder value share awards are payable at the end of the three-year performance period. The amount of the payout is determined by multiplying the participant's target number of shares by a factor determined based on the average annual total shareholder return of FPL Group (includes appreciation in FPL Group common stock plus dividends) as compared to the total shareholder return of the Dow Jones Electric Utilities Index companies over the three-year performance period. This payment may not exceed 160% of targeted awards.

Retirement Plans - FPL Group maintains a non-contributory defined benefit pension plan and a supplemental executive retirement plan which covers FPL employees. The following table shows the estimated annual benefits, calculated on a straight-line annuity basis, payable upon retirement in 1997 at age 65 after the indicated years of service.

PENSION PLAN TABLE

Eligible Average Annual Compensation	Years of Service 10	20	30	40	50
$ 300,000	$ 58,974	$117,936	$146,910	$155,487	$157,875
400,000	78,974	157,936	196,910	207,987	210,375
500,000	98,974	197,936	246,910	260,487	262,875
600,000	118,974	237,936	296,910	312,987	315,375
700,000	138,974	277,936	346,910	365,487	367,875
800,000	158,974	317,936	396,910	417,987	420,375
900,000	178,974	357,936	446,910	470,487	472,875
1,000,000	198,974	397,936	496,910	522,987	525,375
1,100,000	218,974	437,936	546,910	575,487	577,875
1,200,000	238,974	477,936	596,910	627,987	630,375
1,300,000	258,974	517,936	646,910	680,487	682,875
1,400,000	278,974	557,936	696,910	732,987	735,375
1,500,000	298,974	597,936	746,910	785,487	787,875
1,600,000	318,974	637,936	796,910	837,987	840,375
1,700,000	338,974	677,936	846,910	890,487	892,875
1,800,000	358,974	717,936	896,910	942,987	945,375
1,900,000	378,974	757,936	946,910	995,487	997,875
2,000,000	398,974	797,936	996,910	1,047,987	1,050,375

The compensation covered by the plans includes annual salaries and bonuses of officers of FPL Group and subsidiaries other than FPL, and annual salaries of officers of FPL, as shown in the respective Summary Compensation Tables, but no other amounts shown in that table. The estimated credited years of service for the executive officers named in the Summary Compensation Table are: Mr. Broadhead, 9 years; Mr. Evanson, 5 years; Mr. Coyle, 8 years; Mr. Woody, 41 years; and Mr. Yackira, 8 years. Amounts shown in the table reflect deductions to partially cover employer contributions to Social Security.

A supplemental retirement plan for Mr. Broadhead provides for a lump-sum retirement benefit equal to the then present value of a joint and survivor annuity providing annual payments to him equal to 61% to 70% of his average annual compensation for the three years prior to his retirement between age 62 (1998) and age 65 (2001) and to his surviving beneficiary of 61% to 70% of such average annual compensation, reduced by the then present value of the annual amount of payments to which he is entitled under all other pension and retirement plans of FPL Group and former employers. This benefit is further reduced by the then value of 96,800 shares of restricted common stock which vest as to 77,000 shares in 1998 (Mr. Broadhead has elected to defer vesting and payment of these shares until at least 1999) and as to 19,800 shares in 2001. Upon a change of control of FPL Group (as defined below under Employment Agreements), the restrictions on the restricted stock lapse and the full retirement benefit becomes payable. Upon termination of Mr. Broadhead's employment agreement (also described below) without cause, the restrictions on the restricted stock lapse and he becomes fully vested under the supplemental retirement plan.

A supplemental retirement plan for Mr. Coyle provides for benefits, upon retirement at age 62 or more, based on two times his credited years of service. A supplemental retirement plan for Mr. Evanson provides for benefits based on two times his credited years of service up to age 65 and one times his credited years of service thereafter.

FPL Group sponsors a split-dollar life insurance plan for certain of FPL and FPL Group's senior officers. Benefits under the split-dollar plan are provided by universal life insurance policies purchased by FPL Group. If the officer dies prior to retirement, the officer's beneficiaries generally receive two and one-half times the officer's annual salary at the time of death. If the officer dies after retirement, the officer's beneficiaries receive between 50% to 100% of the officer's final annual salary. Each officer is taxable on the insurance carrier's one year term rate for his or her life insurance coverage.

Employment Agreements - FPL Group has entered into an employment agreement with Mr. Broadhead for an initial term ending December 1997, with automatic one-year extensions thereafter unless either party elects not to extend. The agreement provides for a minimum base salary of $765,900 per year, subject to increases based upon corporate and individual performance and increases in cost-of-living indices, plus annual and long-term incentive compensation opportunities at least equal to those currently in effect. If FPL Group terminates Mr. Broadhead's employment without cause, he is entitled to receive a lump sum payment of two years' compensation. Compensation is measured by the then current base salary plus the average of the preceding two years' annual incentive awards. He would also be entitled to receive all amounts accrued under all performance share grants in progress, prorated for the year of termination and assuming achievement of the targeted award, and to full vesting of his benefits under his supplemental retirement plan.

FPL Group and FPL have entered into employment agreements with certain officers, including the individuals named in the Summary Compensation Table, to become effective in the event of a change of control of FPL Group, which is defined as the acquisition of beneficial ownership of 20% of the voting power of FPL Group, certain changes in FPL Group's board of directors, or approval by the shareholders of the liquidation of FPL Group or of certain mergers or consolidations or of certain transfers of FPL Group's assets. These agreements are intended to assure FPL Group and FPL of the continued services of key officers. The agreements provide that each officer shall be employed by FPL Group or one of its subsidiaries in his or her then current position, with compensation and benefits at least equal to the then current base and incentive compensation and benefit levels, for an employment period of four and, in certain cases, five years after a change in control occurs.

In the event that the officer's employment is terminated (except for death, disability or cause) or if the officer terminates his or her employment for good reason, as defined in the agreement, the officer is entitled to severance benefits in the form of a lump sum payment equal to the compensation due for the remainder of the employment period or for two years, whichever is longer. Such benefits would be based on the officer's then base salary plus an annual bonus at least equal to the average bonus for the two years preceding the change of control. The officer is also entitled to the maximum amount payable under all long-term incentive compensation grants outstanding, continued coverage under all employee benefit plans, supplemental retirement benefits and reimbursement for any tax penalties incurred as a result of the severance payments.

Director Compensation - All of the directors of FPL are salaried employees of FPL Group and its subsidiaries and do not receive any additional compensation for serving as a director.

Item 12. Security Ownership of Certain Beneficial Owners and Management

FPL Group - The information required by this Item will be included in FPL Group's Proxy Statement and is incorporated herein by reference.

FPL - FPL Group owns 100% of FPL's common stock. FPL's directors and executive officers beneficially own shares of FPL Group's common stock as follows:

Name	Number of Shares (a)
James L. Broadhead	139,916(b)(c)
Dennis P. Coyle	9,356(b)
Paul J. Evanson	13,610(b)
Lawrence J. Kelleher	25,124(b)(c)
Thomas F. Plunkett	21,332(b)(c)
C. O. Woody	25,343(b)(c)
Michael W. Yackira	23,470(b)(c)
All directors and executive officers as a group	271,493(d)

(a) Information is as of January 31, 1998, except for executive officers' holdings under the thrift plans and the Supplemental Executive Retirement Plan, which are as of December 31, 1997. Unless otherwise indicated, each person has sole voting and sole investment power.

(b) Includes 11,456, 2,739, 2,437, 1,415, 238, 1,045 and 1,560 phantom shares for Messrs. Broadhead, Coyle, Evanson, Kelleher, Plunkett, Woody and Yackira, respectively, credited to a Supplemental Matching Contribution Account under the Supplemental Executive Retirement Plan.

(c) Includes 96,800, 10,000, 15,000, 10,000 and 10,000 shares of restricted stock as to which Messrs. Broadhead, Kelleher, Plunkett, Woody and Yackira, respectively, have voting but not investment power.

(d) Less than 1% of FPL Group's common stock outstanding.

Section 16(a) Beneficial Ownership Reporting Compliance - FPL's directors and executive officers are required to file initial reports of ownership and reports of changes of ownership of FPL Group common stock with the Securities and Exchange Commission. Based upon a review of these filings and written representations from FPL directors and executive officers, all required filings were timely made in 1997.

Item 13. Certain Relationships and Related Transactions

FPL Group - The information required by this Item will be included in FPL Group's Proxy Statement and is incorporated herein by reference.

FPL - None

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial Statements

2. Financial Statement Schedules - Schedules are omitted as not applicable or not required.

3. Exhibits including those Incorporated by Reference

Exhibit Number	Description	FPL Group	FPL
*3(i)a	Restated Articles of Incorporation of FPL Group dated December 31, 1984, as amended through December 17, 1990 (filed as Exhibit 4(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669)	x	
*3(i)b	Amendment to FPL Group's Restated Articles of Incorporation dated June 27, 1996 (filed as Exhibit 3 to Form 10-Q for the quarter ended June 30, 1996, File No. 1-8841)	x	

		FPL Group	FPL
*3(i)c	Restated Articles of Incorporation of FPL dated March 23, 1992 (filed as Exhibit 3(i)a to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)d	Amendment to FPL's Restated Articles of Incorporation dated March 23, 1992 (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)e	Amendment to FPL's Restated Articles of Incorporation dated May 11, 1992 (filed as Exhibit 3(i)c to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)f	Amendment to FPL's Restated Articles of Incorporation dated March 12, 1993 (filed as Exhibit 3(i)d to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)g	Amendment to FPL's Restated Articles of Incorporation dated June 16, 1993 (filed as Exhibit 3(i)e to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)h	Amendment to FPL's Restated Articles of Incorporation dated August 31, 1993 (filed as Exhibit 3(i)f to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(i)i	Amendment to FPL's Restated Articles of Incorporation dated November 30, 1993 (filed as Exhibit 3(i)g to Form 10-K for the year ended December 31, 1993, File No. 1-3545)		x
*3(ii)a	Bylaws of FPL Group dated November 15, 1993 (filed as Exhibit 3(ii) to Form 10-K for the year ended December 31, 1993, File No. 1-8841)	x	
*3(ii)b	Bylaws of FPL dated May 11, 1992 (filed as Exhibit 3 to Form 8-K dated May 1, 1992, File No. 1-3545)		x
*4(a)	Form of Rights Agreement, dated as of July 1, 1996, between FPL Group and the First National Bank of Boston (filed as Exhibit 4 to Form 8-K dated June 17, 1996, File No. 1-8841)	x	
*4(b)	Mortgage and Deed of Trust dated as of January 1, 1944, and Ninety-seven Supplements thereto between FPL and Bankers Trust Company and The Florida National Bank of Jacksonville (now First Union National Bank of Florida), Trustees (as of September 2, 1992, the sole trustee is Bankers Trust Company) (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076); Exhibit 4(b) to Form 10-K for the year ended December 31, 1993, File No. 1-3545; Exhibit 4(i) to Form 10-Q for the quarter ended June 30, 1994, File No. 1-3545; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; and Exhibit 4(a) to Form 10-Q for the quarter ended March 31, 1996, File No. 1-3545)	x	x

		FPL Group	FPL
*10(a)	Supplemental Executive Retirement Plan, amended and restated effective January 1, 1994 (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
10(b)	FPL Group Amended and Restated Supplemental Executive Retirement Plan for James L. Broadhead effective January 1, 1990	x	
*10(c)	Supplement to the FPL Group Supplemental Executive Retirement Plan as it applies to Paul J. Evanson effective January 1, 1996 (filed as Exhibit 10(b) to Form 10-K for the year ended December 31, 1996, File No. 1-8841)	x	
10(d)	Supplement to the FPL Group Supplemental Executive Retirement Plan as it applies to Thomas F. Kirk	x	
10(e)	Supplement to the FPL Group Supplemental Executive Retirement Plan as it applies to Thomas F. Plunkett	x	
*10(f)	FPL Group Long-Term Incentive Plan of 1985, as amended (filed as Exhibit 99(h) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669)	x	
*10(g)	Long-Term Incentive Plan 1994 (filed as Exhibit 4(d) to Form S-8, File No. 33-57673)	x	
*10(h)	Annual Incentive Plan dated as of March 31, 1994 (filed as Exhibit 10(k) to Form 10-Q for the quarter ended March 31, 1994, File No. 1-8841)	x	
*10(i)	FPL Group Deferred Compensation Plan, amended and restated effective January 1, 1995 (filed as Exhibit 10(f) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(j)	FPL Group Executive Long Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(k)	Employment Agreement between FPL Group and James L. Broadhead dated as of December 13, 1993 (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 1993, File No. 1-8841)	x	
*10(l)	Employment Agreement between FPL Group and James L. Broadhead dated as of December 11, 1995 (filed as Exhibit 10(i) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(m)	Employment Agreement between FPL Group and Dennis P. Coyle dated as of December 11, 1995 (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(n)	Employment Agreement between FPL Group and Paul J. Evanson dated as of December 11, 1995 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(o)	Employment Agreement between FPL Group and Lawrence J. Kelleher dated as of December 11, 1995 (filed as Exhibit 10(l) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
10(p)	Employment Agreement between FPL Group and Thomas F. Kirk dated as of June 16, 1997	x	
*10(q)	Employment Agreement between FPL Group and Thomas F. Plunkett dated as of September 16, 1996 (filed as Exhibit 10 to Form 10-Q for the quarter ended September 30, 1996)	x	
*10(r)	Employment Agreement between FPL Group and C.O. Woody dated as of December 11, 1995 (filed as Exhibit 10(m) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(s)	Employment Agreement between FPL Group and Michael W. Yackira as of December 11, 1995 (filed as Exhibit 10(n) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	
*10(t)	FPL Group, Inc. Non-Employee Directors Stock Plan dated as of March 17, 1997 (filed as Appendix A to FPL Group's 1997 Proxy Statement, File No. 1-8841)	x	

FPL

		FPL Group	FPL
12	Computation of Ratios		x
21	Subsidiaries of the Registrant	x	
23	Independent Auditors' Consent	x	x
27	Financial Data Schedule	x	x

* Incorporated herein by reference

(b) Reports on Form 8-K - None

FPL GROUP, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FPL Group, Inc.

JAMES L. BROADHEAD
James L. Broadhead
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer and Director)

Date: February 26, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 26, 1998:

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer
(Principal Financial and Accounting Officer)

Directors:

H. JESSE ARNELLE
H. Jesse Arnelle

SHERRY S. BARRAT
Sherry S. Barrat

ROBERT M. BEALL, II
Robert M. Beall, II

J. HYATT BROWN
J. Hyatt Brown

ARMANDO M. CODINA
Armando M. Codina

MARSHALL M. CRISER
Marshall M. Criser

B. F. DOLAN
B. F. Dolan

WILLARD D. DOVER
Willard D. Dover

ALEXANDER W. DREYFOOS JR.
Alexander W. Dreyfoos Jr.

PAUL J. EVANSON
Paul J. Evanson

Drew Lewis

FREDERIC V. MALEK
Frederic V. Malek

PAUL R. TREGURTHA
Paul R. Tregurtha

FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Florida Power & Light Company

PAUL J. EVANSON
Paul J. Evanson
President and Director

Date: February 26, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 26, 1998:

JAMES L. BROADHEAD
James L. Broadhead
Chairman of the Board
(Principal Executive Officer and Director)

K. MICHAEL DAVIS
K. Michael Davis
Vice President, Accounting,
Controller and Chief Accounting Officer
(Principal Financial and Accounting Officer)

Directors:

DENNIS P. COYLE
Dennis P. Coyle

LAWRENCE J. KELLEHER
Lawrence J. Kelleher

THOMAS F. PLUNKETT
Thomas F. Plunkett

C. O. WOODY
C. O. Woody

MICHAEL W. YACKIRA
Michael W. Yackira

EXHIBIT 12

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Years Ended December 31,				
	1997	1996	1995	1994	1993
	(Millions of Dollars)				

RATIO OF EARNINGS TO FIXED CHARGES

	1997	1996	1995	1994	1993
Earnings, as defined:					
Net income	$ 627	$ 615	$ 611	$ 568	$ 468
Income taxes	321	322	342	319	240
Fixed charges, as below	240	262	286	310	348
Total earnings, as defined	$1,188	$1,199	$1,239	$1,197	$1,056
Fixed charges, as defined:					
Interest charges	$ 227	$ 246	$ 270	$ 292	$ 327
Rental interest factor	4	5	5	7	10
Fixed charges included in nuclear fuel cost	9	11	11	11	11
Total fixed charges, as defined	$ 240	$ 262	$ 286	$ 310	$ 348
Ratio of earnings to fixed charges	4.95	4.58	4.33	3.86	3.03

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

	1997	1996	1995	1994	1993
Earnings, as defined:					
Net income	$ 627	$ 615	$ 611	$ 568	$ 468
Income taxes	321	322	342	319	240
Fixed charges, as below	240	262	286	310	348
Total earnings, as defined	$1,188	$1,199	$1,239	$1,197	$1,056
Fixed charges, as defined:					
Interest charges	$ 227	$ 246	$ 270	$ 292	$ 327
Rental interest factor	4	5	5	7	10
Fixed charges included in nuclear fuel cost	9	11	11	11	11
Total fixed charges, as defined	240	262	286	310	348
Non-tax deductible preferred stock dividends	19	24	43	40	42
Ratio of income before income taxes to net income	1.51	1.52	1.56	1.56	1.51
Preferred stock dividends before income taxes	29	36	68	62	64
Combined fixed charges and preferred stock dividends	$ 269	$ 298	$ 354	$ 372	$ 412
Ratio of earnings to combined fixed charges and preferred stock dividends	4.42	4.02	3.50	3.22	2.56

EXHIBIT 21

SUBSIDIARIES OF FPL GROUP, INC.

Subsidiary	State or Jurisdiction of Incorporation
1. Florida Power & Light Company (100%-Owned)	Florida
2. Bay Loan and Investment Bank (a)	Rhode Island
3. Palms Insurance Company, Limited (a)	Cayman Islands

(a) 100%-owned subsidiary of FPL Group Capital Inc

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-56869 on Form S-3; Registration Statement No. 33-57673 on Form S-8; Post-Effective Amendment No. 2 to Registration Statement No. 33-31487 on Form S-8; Post-Effective Amendment No. 2 to Registration Statement No. 33-33215 on Form S-8; Registration Statement No. 33-11631 on Form S-8; Post-Effective Amendment No. 1 to Registration Statement No. 33-39306 on Form S-3; Registration Statement No. 33-57470 on Form S-3; Post-Effective Amendment No. 6 to Registration Statement No. 33-18669 on Form S-8; Registration Statement No. 333-27079 on Form S-8; Registration Statement No. 333-30695 on Form S-8; Registration Statement 333-30697 on Form S-8 of FPL Group, Inc., of our report dated February 13, 1998 appearing in this Annual Report on Form 10-K of FPL Group, Inc. for the year ended December 31, 1997.

We also consent to the incorporation by reference in Registration Statement No. 33-40123 on Form S-3; Post-Effective Amendment No. 1 to Registration Statement No. 33-46076 on Form S-3; Registration Statement No. 33-61390 on Form S-3; and Post-Effective Amendment No. 2 to Registration Statement No. 33-59429 on Form S-4 of Florida Power & Light Company, of our report dated February 13, 1998 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1997.

DELOITTE & TOUCHE LLP

Miami, Florida
February 26, 1998

EXHIBIT 2

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 1998**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Exact name of Registrants as specified in their charters, address of principal executive offices and Registrants' telephone number	IRS Employer Identification Number
1-8841	**FPL GROUP, INC.**	59-2449419
1-3545	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) have been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of each class of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, $.01 Par Value, outstanding at September 30, 1998: 180,883,935 shares.

As of September 30, 1998, there were issued and outstanding 1,000 shares of Florida Power & Light Company's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

This combined Form 10-Q represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) (collectively, the Company) are hereby filing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) of the Company made by or on behalf of the Company which are made in this combined Form 10-Q, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, estimated, projection, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause the Company's actual results to differ materially from those contained in forward-looking statements of the Company made by or on behalf of the Company.

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

Some important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include prevailing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the Nuclear Regulatory Commission, with respect to allowed rates of return, industry and rate structure, operation of nuclear power facilities, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of fuel and purchased power costs, decommissioning costs, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs).

The business and profitability of the Company are also influenced by economic and geographic factors including political and economic risks, changes in and compliance with environmental and safety laws and policies, weather conditions (including natural disasters such as hurricanes), population growth rates and demographic patterns, competition for retail and wholesale customers, pricing and transportation of commodities, market demand for energy from plants or facilities, changes in tax rates or policies or in rates of inflation, unanticipated development project delays or changes in project costs, unanticipated changes in operating expenses and capital expenditures, capital market conditions, competition for new energy development opportunities, legal and administrative proceedings (whether civil, such as environmental, or criminal) and settlements, and any unanticipated impact of the year 2000, including delays or changes in costs of year 2000 compliance, or the failure of major suppliers, customers and others with whom the Company does business to resolve their own year 2000 issues on a timely basis.

All such factors are difficult to predict, contain uncertainties which may materially affect actual results, and are beyond the control of the Company.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
OPERATING REVENUES	$1,999	$1,859	$5,030	$4,891
OPERATING EXPENSES:				
Fuel, purchased power and interchange	659	674	1,652	1,777
Other operations and maintenance	327	290	945	858
Depreciation and amortization	314	266	911	797
Taxes other than income taxes	171	165	457	448
Total operating expenses	1,471	1,395	3,965	3,880
OPERATING INCOME	528	464	1,065	1,011
OTHER INCOME (DEDUCTIONS):				
Interest charges	(101)	(70)	(228)	(215)
Preferred stock dividends - FPL	(4)	(5)	(11)	(15)
Other - net	21	17	42	29
Total other deductions - net	(84)	(58)	(197)	(201)
INCOME BEFORE INCOME TAXES	444	406	868	810
INCOME TAXES	157	144	297	282
NET INCOME	$ 287	$ 262	$ 571	$ 528
Earnings per share of common stock (basic and assuming dilution)	$ 1.66	$ 1.52	$ 3.31	$ 3.05
Dividends per share of common stock	$ 0.50	$ 0.48	$ 1.50	$ 1.44
Average number of common shares outstanding	172	173	173	173

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the combined Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (1997 Form 10-K) for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	September 30, 1998 (Unaudited)	December 31, 1997
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and other property, including nuclear fuel and construction work in progress	$17,991	$17,820
Less accumulated depreciation and amortization	(9,153)	(8,466)
Total property, plant and equipment - net	8,838	9,354
CURRENT ASSETS:		
Cash and cash equivalents	447	54
Customer receivables, net of allowances of $10 and $9, respectively	705	501
Materials, supplies and fossil fuel inventory - at average cost	278	302
Other	341	244
Total current assets	1,771	1,101
OTHER ASSETS:		
Special use funds of FPL	1,093	1,007
Other investments	369	282
Other	773	705
Total other assets	2,235	1,994
TOTAL ASSETS	$12,844	$12,449
CAPITALIZATION:		
Common stock	$ 2	$ 2
Additional paid-in capital	3,004	3,038
Retained earnings	2,116	1,804
Accumulated other comprehensive income	1	1
Total common shareholders' equity	5,123	4,845
Preferred stock of FPL without sinking fund requirements	226	226
Long-term debt	2,785	2,949
Total capitalization	8,134	8,020
CURRENT LIABILITIES:		
Debt and preferred stock due within one year	287	332
Accounts payable	401	368
Accrued interest, taxes and other	1,131	799
Total current liabilities	1,819	1,499
OTHER LIABILITIES AND DEFERRED CREDITS:		
Accumulated deferred income taxes	1,364	1,473
Unamortized regulatory and investment tax credits	365	395
Other	1,162	1,062
Total other liabilities and deferred credits	2,891	2,930
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$12,844	$12,449

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the 1997 Form 10-K for FPL Group and FPL.

FPL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)
(Unaudited)

	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
NET CASH PROVIDED BY OPERATING ACTIVITIES	$1,532	$1,497
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures of FPL	(474)	(355)
Independent power investments	(425)	(247)
Distributions and loan repayments from partnerships and joint ventures	280	42
Other - net	(58)	15
Net cash used in investing activities	(677)	(545)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	343	30
Retirement of long-term debt and preferred stock	(398)	(428)
Decrease in short-term debt	(96)	-
Repurchase of common stock	(52)	(41)
Dividends on common stock	(259)	(249)
Net cash used in financing activities	(462)	(688)
Net increase in cash and cash equivalents	393	264
Cash and cash equivalents at beginning of period	54	196
Cash and cash equivalents at end of period	$ 447	$ 460
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 217	$ 212
Cash paid for income taxes	$ 238	$ 198
Supplemental schedule of noncash investing and financing activities:		
Additions to capital lease obligations	$ 29	$ 49
Debt assumed for property additions	-	$ 420

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the 1997 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Millions of Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
OPERATING REVENUES	$1,878	$1,819	$4,807	$4,759
OPERATING EXPENSES:				
Fuel, purchased power and interchange	637	661	1,614	1,737
Other operations and maintenance	293	272	846	796
Depreciation and amortization	306	262	891	781
Income taxes	157	149	311	299
Taxes other than income taxes	171	164	456	447
Total operating expenses	1,564	1,508	4,118	4,060
OPERATING INCOME	314	311	689	699
OTHER INCOME (DEDUCTIONS):				
Interest charges	(50)	(57)	(149)	(173)
Other - net	3	2	-	4
Total other deductions - net	(47)	(55)	(149)	(169)
NET INCOME	267	256	540	530
PREFERRED STOCK DIVIDENDS	4	5	11	15
NET INCOME AVAILABLE TO FPL GROUP	$ 263	$ 251	$ 529	$ 515

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the 1997 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	September 30, 1998 (Unaudited)	December 31, 1997
ELECTRIC UTILITY PLANT:		
Plant in service, including nuclear fuel and construction work in progress	$17,358	$17,136
Less accumulated depreciation and amortization	(9,029)	(8,355)
Electric utility plant - net	8,329	8,781
CURRENT ASSETS:		
Cash and cash equivalents	237	3
Customer receivables, net of allowances of $10 and $9, respectively	654	471
Materials, supplies and fossil fuel inventory - at average cost	216	242
Other	317	226
Total current assets	1,424	942
OTHER ASSETS:		
Special use funds	1,093	1,007
Other	437	442
Total other assets	1,530	1,449
TOTAL ASSETS	$11,283	$11,172
CAPITALIZATION:		
Common shareholder's equity	$ 4,879	$ 4,814
Preferred stock without sinking fund requirements	226	226
Long-term debt	2,190	2,420
Total capitalization	7,295	7,460
CURRENT LIABILITIES:		
Debt and preferred stock due within one year	230	220
Accounts payable	351	344
Accrued interest, taxes and other	1,052	748
Total current liabilities	1,633	1,312
OTHER LIABILITIES AND DEFERRED CREDITS:		
Accumulated deferred income taxes	970	1,070
Unamortized regulatory and investment tax credits	365	395
Other	1,020	935
Total other liabilities and deferred credits	2,355	2,400
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$11,283	$11,172

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the 1997 Form 10-K for FPL Group and FPL.

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)
(Unaudited)

	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
NET CASH PROVIDED BY OPERATING ACTIVITIES	$1,479	$1,368
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(474)	(355)
Other - net	(64)	(64)
Net cash used in investing activities	(538)	(419)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	197	-
Retirement of long-term debt and preferred stock	(389)	(269)
Decrease in commercial paper	(40)	-
Dividends	(475)	(460)
Net cash used in financing activities	(707)	(729)
Net increase in cash and cash equivalents	234	220
Cash and cash equivalents at beginning of period	3	78
Cash and cash equivalents at end of period	$ 237	$ 298
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 142	$ 171
Cash paid for income taxes	$ 277	$ 361
Supplemental schedule of noncash investing and financing activities:		
Additions to capital lease obligations	$ 29	$ 49

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 9 through 12 herein and the Notes to Consolidated Financial Statements appearing in the 1997 Form 10-K for FPL Group and FPL.

FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the combined 1997 Form 10-K for FPL Group and FPL. In the opinion of FPL Group and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period may not give a true indication of results for the year.

1. Summary of Significant Accounting and Reporting Policies

Revenues and Rates - In March 1998, a large customer of FPL withdrew its petition requesting a limited scope proceeding to reduce FPL's base rates. The docket was subsequently closed by the FPSC.

On November 3, 1998, the FPSC deferred consideration of an FPSC Staff recommendation requesting a limited proceeding on the appropriateness of FPL's regulatory return on equity and equity ratio, and encouraged FPL and the FPSC Staff to continue negotiations to reach a settlement. The FPSC Staff has questioned whether FPL's regulatory return on equity and equity ratio should be reduced. The parties have been directed to report back to the FPSC on December 1, 1998. If a settlement is not reached by December 1, 1998, the FPSC is expected to vote on whether a limited proceeding on these issues should take place.

Decommissioning of Generating Plant - In October 1998, FPL filed updated nuclear decommissioning studies with the FPSC. The updated studies indicate an increase in FPL's portion of the ultimate cost of decommissioning its four nuclear units, expressed in 1998 dollars, to approximately $1.7 billion. This results in a nuclear decommissioning reserve deficiency of approximately $536 million. FPL is proposing to maintain the decommissioning expense accrual at $85 million per year and recover the reserve deficiency through the special amortization program.

2. Capitalization

FPL Group Common Stock - During the three and nine months ended September 30, 1998, FPL Group repurchased 311,600 shares and 856,200 shares of common stock, respectively, under its share repurchase program. A total of approximately 1.5 million shares have been repurchased under the share repurchase program that began in April 1997.

Long-Term Debt - In June 1998, FPL sold $200 million principal amount of first mortgage bonds maturing in June 2008, with an interest rate of 6%. The proceeds were used in July 1998 to redeem approximately $200 million principal amount of first mortgage bonds, maturing in 2007 and 2012, bearing interest at 7.875%. In July 1998, a subsidiary of FPL Group Capital Inc (FPL Group Capital) sold $150 million of senior secured bonds maturing in 2018, bearing interest at 7.645%. In September 1998, FPL redeemed $600,000 principal amount of variable rate tax-exempt pollution control, solid waste disposal revenue bonds, maturing in 2027.

Long-Term Incentive Plan - Performance shares granted to date under FPL Group's long-term incentive plan resulted in assumed incremental shares of common stock outstanding for purposes of computing both basic and diluted earnings per share for the nine months ended September 30, 1998 and 1997. These incremental shares were not material in the periods presented and did not cause diluted earnings per share to differ from basic earnings per share.

Other - In the first quarter of 1998, FPL Group adopted Statement of Financial Accounting Standards No. (FAS) 130, "Reporting Comprehensive Income." The statement establishes standards for reporting comprehensive income and its components. Comprehensive income of FPL Group totaling $288 million and $263 million for the three months ended September 30, 1998 and 1997, respectively, and, $572 million and $528 million for the nine months ended September 30, 1998 and 1997, respectively, includes net income, and changes in unrealized gains (losses) on securities and foreign currency translation adjustments. Accumulated other comprehensive income is separately displayed in the condensed consolidated balance sheets of FPL Group.

3. 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 $2.2 billion for 1998 through 2000. Included in this three-year forecast are capital expenditures for 1998 of approximately $600 million, of which $474 million had been spent through September 30, 1998. Also, in January 1998 FPL Group announced plans to purchase all of Central Maine Power Company's (Central Maine) non-nuclear generation assets. The Central Maine transaction is expected to close in the first quarter of 1999, subject to approval by federal and state regulators. Commitments for independent power investments, including the acquisition mentioned above, are approximately $850 million for 1999. FPL Group Capital and its subsidiaries have guaranteed approximately $219 million of purchase power 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 $362 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 $53 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 and FPL's financial condition.

FPL self-insures certain of its transmission and distribution (T&D) property due to the high cost and limited coverage available from third-party insurers. FPL maintains a funded storm and property insurance reserve, which totaled approximately $262 million at September 30, 1998, for T&D 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 has entered into certain 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 thereafter 383 mw through 2022. FPL also has various firm pay-for-performance contracts to purchase approximately 1,000 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. Fuel contracts provide for the transportation and supply of natural gas and coal.

The required capacity and minimum payments through 2002 under these contracts are estimated to be as follows:

	1998	1999	2000	2001	2002
			(Millions of Dollars)		
Capacity payments:					
JEA and Southern Companies	$210	$210	$210	$210	$210
Qualifying facilities (a)	$350	$360	$370	$380	$400
Minimum payments, at projected prices:					
Natural gas, including transportation	$270	$210	$210	$240	$260
Coal	$ 50	$ 40	$ 40	$ 40	$ 40

(a) Includes approximately $35 million, $40 million, $40 million, $40 million and $45 million, respectively, for capacity payments associated with two contracts that are currently in dispute. These capacity payments are subject to the outcome of the related litigation. See Litigation.

Capacity, energy and fuel charges under these contracts were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	1998 Charges		1997 Charges		1998 Charges		1997 Charges	
	Capacity	Energy/ Fuel (a)	Capacity	Energy/ Fuel (a)	Capacity	Energy/ Fuel (a)	Capacity	Energy/ Fuel (a)
	(Millions of Dollars)							
JEA and Southern Companies ..	$42(b)	$38	$51(b)	$ 36	$147(b)	$104	$153(b)	$109
Qualifying facilities	$75(c)	$31	$77(c)	$ 40	$224(c)	$ 85	$225(c)	$100
Natural gas	-	$77	-	$129	-	$215	-	$333
Coal	-	$12	-	$ 13	-	$ 37	-	$ 40

(a) Recovered through the fuel and purchased power cost recovery clause (fuel clause).
(b) Recovered through base rates and the capacity cost recovery clause (capacity clause).
(c) Recovered through the capacity clause.

Litigation - In 1997, FPL filed a complaint against the owners of two qualifying facilities (plant owners) seeking an order declaring that FPL's obligations under the power purchase agreements with the qualifying facilities were rendered of no force and effect because the power plants failed to accomplish commercial operation before January 1, 1997, as required by the agreements. In 1997, the plant owners filed for bankruptcy under Chapter XI of the United States Bankruptcy Code, ceased all attempts to operate the power plants and entered into an agreement with the holders of more than 70% of the bonds that partially financed the construction of the plants. This agreement gives the holders of a majority of the principal amount of the bonds (the majority bondholders) the right to control, fund and manage any litigation against FPL and the right to settle with FPL on any terms such holders approve, provided that certain agreements are not affected and certain conditions are met. In January 1998, the plant owners (through the attorneys for the majority bondholders) filed an answer denying the allegations in FPL's complaint and asserting counterclaims for approximately $2 billion, consisting of all capacity payments that could have been made over the 30-year term of the power purchase agreements and three times their actual damages for alleged violations of Florida antitrust laws, plus attorneys' fees. In October 1998, the court dismissed all of the plant owners' antitrust claims against FPL. The plant owners have since moved for summary judgment on FPL's claims against them.

The Florida Municipal Power Agency (FMPA), an organization comprised of municipal electric utilities, has sued FPL for allegedly breaching a "contract" to provide transmission service to the FMPA and its members and for breaching antitrust laws by monopolizing or attempting to monopolize the provision, coordination and transmission of electric power in refusing to provide transmission service, or to permit the FMPA to invest in and use FPL's transmission system, on the FMPA's proposed terms. The FMPA seeks $140 million in damages, before trebling for the antitrust claim, and court orders requiring FPL to permit the FMPA to invest in and use FPL's transmission system on "reasonable terms and conditions" and on a basis equal to FPL. In 1995, the Court of Appeals vacated the District Court's summary judgment in favor of FPL and remanded the matter to the District Court for further proceedings. In 1996, the District Court ordered the FMPA to seek a declaratory ruling from the FERC regarding certain issues in the case. In November 1998, the FERC declined to make the requested ruling. The District Court has yet to act further.

A former cable installation contractor for Telesat Cablevision, Inc. (Telesat), a wholly-owned subsidiary of FPL Group Capital, sued FPL Group, FPL Group Capital and Telesat for breach of contract, fraud, violation of racketeering statutes and several other claims. The trial court entered a judgment in favor of FPL Group and Telesat on nine of twelve counts, including all of the racketeering and fraud claims, and in favor of FPL Group Capital on all counts. It also denied all parties' claims for attorneys' fees. However, the jury in the case awarded the contractor damages totaling approximately $6 million against FPL Group and Telesat for breach of contract and tortious interference. All parties have appealed.

FPL Group and FPL believe that they have meritorious defenses to the litigation to which they are parties and are vigorously defending the suits. Accordingly, the liabilities, if any, arising from the proceedings are not anticipated to have a material adverse effect on their financial statements.

4. Summarized Financial Information of FPL Group Capital

FPL Group Capital's debenture is guaranteed by FPL Group and included in FPL Group's condensed consolidated balance sheets. For the three months ended September 30, 1998 and 1997, operating revenues of FPL Group Capital were approximately $122 million and $40 million, respectively. For the same periods, operating expenses were approximately $65 million and $36 million, respectively, and net income was approximately $29 million and $16 million, respectively. For the nine months ended September 30, 1998 and 1997, operating revenues of FPL Group Capital were approximately $223 million and $132 million, respectively. For the same periods, operating expenses were approximately $160 million and $119 million, respectively, and net income was approximately $58 million and $26 million, respectively.

At September 30, 1998, FPL Group Capital had approximately $361 million of current assets, $1.5 billion of noncurrent assets, $218 million of current liabilities and $1.2 billion of noncurrent liabilities. At December 31, 1997, FPL Group Capital had current assets of approximately $156 million, noncurrent assets of $1.4 billion, current liabilities of $252 million and noncurrent liabilities of $999 million.

Management has not presented separate financial statements and other disclosures concerning FPL Group Capital because management has determined that such information is not material to holders of the FPL Group Capital debenture.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes to Condensed Consolidated Financial Statements contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 1997 Form 10-K for FPL Group and FPL. The results of operations for an interim period may not give a true indication of results for the year. In the following discussion, all comparisons are with the corresponding items in the prior year.

RESULTS OF OPERATIONS

The generation, transmission, distribution and sale of electric energy by FPL continues to represent the principal operations of FPL Group. However, growth in FPL Group's net income for the three and nine months ended September 30, 1998 was primarily due to additional investments and better operating results at FPL Energy, Inc.'s (FPL Energy) independent power investments. FPL's net income available to FPL Group also increased, mainly due to higher customer usage and customer growth, partly offset by higher depreciation and O&M expenses.

FPL's revenues from base rates for the three and nine months ended September 30, 1998 increased to $1.1 billion and $2.8 billion, respectively, from $1.0 billion and $2.7 billion for the same period in 1997. The improvements resulted from increases in energy usage per retail customer of 5.3% and 3.5%, respectively, primarily due to weather conditions, and customer growth of 1.9% and 1.8%, respectively. Cost recovery clause revenues and franchise fees comprise substantially all of the remaining operating revenues. Such revenues 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.

FPL's O&M expenses increased for the three and nine months ended September 30, 1998, primarily due to additional spending associated with improving the reliability of the distribution system. Depreciation and amortization expense in all periods presented includes amortization recorded under the special amortization program, which is a function of retail base revenues. Depreciation and amortization expense increased for the three and nine months ended September 30, 1998 mainly due to the increase in revenues discussed above. FPL's interest expense and preferred stock dividend requirements declined for the three and nine months ended September 30, 1998, resulting from continued reductions in average debt and preferred stock balances.

On November 3, 1998, the FPSC deferred consideration of an FPSC Staff recommendation requesting a limited proceeding on the appropriateness of FPL's regulatory return on equity and equity ratio, and encouraged FPL and the FPSC Staff to continue negotiations to reach a settlement. The FPSC Staff has questioned whether FPL's regulatory return on equity and equity ratio should be reduced. The parties have been directed to report back to the FPSC on December 1, 1998. If a settlement is not reached by December 1, 1998, the FPSC is expected to vote on whether a limited proceeding on these issues should take place.

FPL Energy's operating results improved for the three and nine months ended September 30, 1998. The improvements primarily reflect additional investments and better over-all results from independent power investments. In addition, during the third quarter of 1998, one of FPL Energy's independent power investments received a settlement relating to a contract dispute, which was partially offset by costs associated with an interest rate swap which is no longer designated as a hedge.

FPL Group is continuing to work to resolve the potential impact of the year 2000 on the processing of information by its computer systems. A multi-phase plan has been developed consisting of inventorying potential problems, assessing what will be required to address each potential problem, taking the necessary action to fix each problem, testing to see that the action taken did result in year 2000 readiness and implementing the required solution. The inventory and assessment of the information technology infrastructure, computer applications and computerized processes embedded in operating equipment has been substantially completed and approximately 60% of the necessary modifications have been tested and implemented. FPL Group's efforts to assess the year 2000 readiness of third parties are ongoing. These communications will help ensure that critical supplies are not interrupted, that large customers are able to receive power and that transactions with or processed by financial institutions will occur as intended. FPL Group is on schedule with its multi-phase plan and all phases are expected to be completed by mid-1999, except for work at St. Lucie Unit No. 1, which will be completed during a scheduled refueling outage beginning in October 1999. The cost of addressing year 2000 issues is estimated to be approximately $50 million, approximately 20% of which had been spent through September 30, 1998. The majority of these costs represent the redeployment of existing resources and therefore, are not expected to have a significant effect on O&M expenses.

At this time, FPL Group believes that the most reasonably likely worst case scenarios relating to the year 2000 could include a temporary disruption of service to customers, caused by a potential disruption in fuel supply, water supply and telecommunications, as well as transmission grid disruptions caused by other companies whose electrical systems are interconnected with FPL. A contingency planning team has been established to identify the risks associated with the year 2000, as well as to coordinate with other utilities in the region. A preliminary contingency plan is expected to be developed by the end of the first quarter of 1999, and will be continually updated as additional information becomes available.

In June 1998, the Financial Accounting Standards Board issued FAS 133, "Accounting for Derivative Instruments and 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 derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. FPL Group is currently assessing the effect, if any, on its financial statements of implementing FAS 133. FPL's energy marketing and trading division uses forward contracts and options to manage fuel costs and to market any excess generation. Substantially all of the results of these activities are reflected in the fuel or the capacity clauses and, accordingly, do not affect net income. FPL Group will be required to adopt the standard in 2000.

LIQUIDITY AND CAPITAL RESOURCES

Using available cash flows from operations, FPL repaid certain series of secured medium-term notes that matured during the first quarter of 1998. Additionally, during the three and nine months ended September 30, 1998, FPL Group repurchased 311,600 and 856,200 shares of common stock, respectively. These actions are consistent with management's intent to reduce debt and preferred stock balances and the number of outstanding shares of common stock. See Note 2.

In September 1998, FPL announced plans to accelerate expansion of its power generating system. FPL intends to repower two existing plants by the end of 2001 and 2003, respectively, and build two new gas-fired units within ten years at the Martin power plant. In October 1998, FPL selected Florida Gas Transmission Company to construct a natural gas pipeline approximately 100 miles long to bring natural gas to the Ft. Myers plant, the first plant to be repowered. For information concerning capital commitments, see Note 3.

MARKET RISK SENSITIVITY

An interest rate swap agreement entered into by an FPL Group subsidiary was undesignated as a hedge during the third quarter of 1998, and was recorded at its market value as of September 30, 1998. An interest rate lock agreement entered into by an FPL Group subsidiary during the third quarter of 1998 had a fair value of $29 million at September 30, 1998 (based on the cost to terminate the agreement). A hypothetical 10% decrease in interest rates would result in a $13 million increase in the fair value of that agreement.

Other than the above changes, the risk associated with FPL Group's and FPL's market risk sensitive instruments has not materially changed from that discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Sensitivity in the 1997 Form 10-K for FPL Group and FPL.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

(a) Reference is made to Item 3. Legal Proceedings in the 1997 Form 10-K for FPL Group and FPL.

In October 1998, the court dismissed all of the qualifying facilities plant owners' antitrust claims against FPL. The plant owners have since moved for summary judgment on FPL's claims against them.

In November 1998, the FERC declined to make the required ruling in the FMPA case. The District Court has yet to act further.

Item 5. Other Information

(a) Reference is made to Item 1. Business - FPL Operations - Retail Ratemaking in the 1997 Form 10-K for FPL Group and FPL.

On November 3, 1998, the FPSC deferred consideration of an FPSC Staff recommendation requesting a limited proceeding on the appropriateness of FPL's regulatory return on equity and equity ratio, and encouraged FPL and the FPSC Staff to continue negotiations to reach a settlement. The FPSC Staff has questioned whether FPL's regulatory return on equity and equity ratio should be reduced. The parties have been directed to report back to the FPSC on December 1, 1998. If a settlement is not reached by December 1, 1998, the FPSC is expected to vote on whether a limited proceeding on these issues should take place.

(b) Reference is made to Item 1. Business - FPL Operations - System Capability and Load in the 1997 Form 10-K for FPL Group and FPL and Item 5. (b) Other Information in the FPL Group and FPL Form 10-Q for the quarterly period ended March 31, 1998.

In September 1998, FPL announced plans to accelerate expansion of its power generating system. FPL intends to repower two existing plants by the end of 2001 and 2003, respectively, and build two new gas-fired units within ten years at the Martin power plant. In October 1998, FPL selected Florida Gas Transmission Company to construct a natural gas pipeline approximately 100 miles long to bring natural gas to the Ft. Myers plant, the first plant to be repowered.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description	FPL Group	FPL
12(a)	Computation of Ratio of Earnings to Fixed Charges	x	
12(b)	Computation of Ratios		x
27	Financial Data Schedule	x	x

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FPL GROUP, INC.
FLORIDA POWER & LIGHT COMPANY
(Registrants)

Date: November 4, 1998

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer of FPL Group, Inc.
Vice President, Accounting, Controller and
Chief Accounting Officer of Florida Power & Light Company
(Principal Financial Officer of the Registrants)

EXHIBIT 12(a)

FPL GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 1998	Years Ended December 31, 1997	1996	1995	1994	1993
		(Millions of Dollars)				
Earnings, as defined:						
Net income	$ 571	$ 618	$ 579	$ 553	$ 519	$ 429
Income taxes	297	304	294	329	307	250
Fixed charges, included in the determination of net income, as below	238	304	283	308	337	388
Total earnings, as defined	$1,106	$1,226	$1,156	$1,190	$1,163	$1,067
Fixed charges, as defined:						
Interest charges	$ 228	$ 291	$ 267	$ 291	$ 319	$ 367
Rental interest factor	3	4	5	6	7	10
Fixed charges included in nuclear fuel cost	7	9	11	11	11	11
Fixed charges, included in the determination of net income	238	304	283	308	337	388
Capitalized interest	2	5	-	-	-	1
Total fixed charges, as defined	$ 240	$ 309	$ 283	$ 308	$ 337	$ 389
Ratio of earnings to fixed charges	4.61	3.97	4.08	3.86	3.45	2.74

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY
COMPUTATION OF RATIOS

	Nine Months Ended September 30, 1998 (Millions of Dollars)
RATIO OF EARNINGS TO FIXED CHARGES	
Earnings, as defined:	
Net income	$ 540
Income taxes	305
Fixed charges, as below	159
Total earnings, as defined	$1,004
Fixed charges, as defined:	
Interest charges	$ 149
Rental interest factor	3
Fixed charges included in nuclear fuel cost	7
Total fixed charges, as defined	$ 159
Ratio of earnings to fixed charges	6.31
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	
Earnings, as defined:	
Net income	$ 540
Income taxes	305
Fixed charges, as below	159
Total earnings, as defined	$1,004
Fixed charges, as defined:	
Interest charges	$ 149
Rental interest factor	3
Fixed charges included in nuclear fuel cost	7
Total fixed charges, as defined	159
Non-tax deductible preferred stock dividends	11
Ratio of income before income taxes to net income	1.56
Preferred stock dividends before income taxes	17
Combined fixed charges and preferred stock dividends	$ 176
Ratio of earnings to combined fixed charges and preferred stock dividends	5.70

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

$ Millions	Actual 12 Months Ended September 30, 1998	Projected 12 Months Ended September 30, 1999
Depreciation and Amortization	1,144	1,289
Deferred Income Taxes and Investment Tax Credits	(106)	(278)
Internal Cash Flow excluding Retained Earnings applied toward Requirements	1,038	1,012
Average Quarterly Cash Flow excluding Retained Earnings	259	253
Percentage Ownership of Operating Nuclear Units	Turkey Point No. 3	100 %
	Turkey Point No. 4	100 %
	St. Lucie No. 1	100 %
	St. Lucie No. 2	85.10449 % (1)
Maximum Total Contingent Liability	43	43

(1) FPL sold 6.08951% of St. Lucie No. 2 to the Orlando Utilities Commission in January 1981 and 8.806% to the Florida Municipal Power Agency in May 1983.

Certified by: Dilek Samil

Dilek Samil
Treasurer