

FPL GROUP INC
Form PRE 14A
March 16, 2004

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

FPL Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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**Notice of 2004 Annual Meeting
and Proxy Statement**

Including

**Financial Statements
Year Ended December 31, 2003**

**YOUR VOTE IS IMPORTANT
PLEASE VOTE YOUR SHARES PROMPTLY**

FPL Group, Inc.
P.O. Box 14000
700 Universe Boulevard
Juno Beach, Florida 33408-0420

**Notice of Annual Meeting of Shareholders
May 21, 2004**

The Annual Meeting of Shareholders of FPL Group, Inc. will be held at the PGA National Resort, 400 Avenue of the Champions, Palm Beach Gardens, Florida, at 10:00 a.m. on Friday, May 21, 2004, to consider and act upon:

Election of directors.

Ratification of the appointment of Deloitte & Touche LLP as auditors.

Approval of the Amended and Restated Long Term Incentive Plan, in an amended form.

Approval of the Annual Incentive Plan as required by the Internal Revenue Code.

Approval of the performance-based awards provisions of the Amended and Restated Long Term Incentive Plan as required by the Internal Revenue Code.

Approval of an amendment to the Restated Articles of Incorporation to increase the number of authorized shares of common stock.

Such other matters as may properly come before the meeting.

The record date for shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof is March 16, 2004.

Admittance to the meeting will be limited to shareholders. Shareholders who plan to attend are requested to so indicate by marking the appropriate space on the enclosed proxy card or following the telephonic or Internet instructions. If you are a shareholder of record or you are a participant in any of FPL Group, Inc.'s Employee Thrift Plans an admission ticket is included as part of your proxy card. You will need your admission ticket, as well as a form of personal identification, to attend the annual meeting. Shareholders whose shares are held in street name (the name of a broker, trust, bank or other nominee) should bring with them a legal proxy or a recent brokerage statement or letter from the street name holder confirming their beneficial ownership of shares.

Appendix A to the enclosed proxy statement contains FPL Group, Inc.'s audited financial statements and management's discussion and analysis of financial condition and results of operations. The FPL Group 2003 Annual Review, mailed with the proxy statement, contains condensed consolidated financial statements and an independent auditors' report.

Please mark, date, sign, and return the enclosed proxy card promptly so that your shares can be voted, regardless of whether you expect to attend the meeting. Alternatively, you may cast your vote by telephone or electronically by following the instructions on your proxy card. If you attend, you may withdraw your proxy and vote in person.

By order of the Board of Directors.

Dennis P. Coyle

General Counsel and Secretary

Juno Beach, Florida

March 25, 2004

FPL GROUP, INC.
Annual Meeting of Shareholders
May 21, 2004
Proxy Statement

Annual Meeting

The Annual Meeting of Shareholders of FPL Group, Inc. ("FPL Group" or the "Company") will be held at 10:00 a.m. on Friday, May 21, 2004. The enclosed proxy is solicited by your Board of Directors, who urge you to respond in the belief that every shareholder, regardless of the number of shares held, should be represented at the Annual Meeting. The Company anticipates first sending this proxy statement and the enclosed proxy card to shareholders on or about March 25, 2004.

Whether or not you expect to be present at the meeting, please mark, sign, and date the enclosed proxy card and return it in the enclosed envelope. Alternatively, you may cast your vote by telephone or electronically by following the instructions on your proxy card. Please note that there are separate arrangements for using electronic voting depending on whether your shares are registered in your name or in the name of a brokerage firm or bank. You should check the proxy card or voting instructions forwarded by your broker, bank or other holder of record to see which options are available. If voting by telephone you should dial the toll-free number indicated on the proxy card; you will then be prompted to enter the number printed on your proxy card and to follow subsequent instructions. Any shareholder giving a proxy may revoke it at any time before it is voted at the meeting by delivering to the Company written notice of revocation or a proxy bearing a later date, or by attending the meeting in person and casting a ballot. You may also change your vote by telephone or electronically. You may change your vote by using any one of these methods regardless of the procedure used to cast your previous vote. Votes cast in person or by proxy will be tabulated by the inspectors of election appointed by the Board of Directors.

The shares represented by your proxy will be voted in accordance with the specifications made on your proxy. Unless otherwise directed, such shares will be voted:

For the election as directors of the nominees named in this proxy statement.

For the ratification of the appointment of Deloitte & Touche LLP as auditors.

For the approval of the Amended and Restated Long Term Incentive Plan, in an amended form.

For the approval of the Annual Incentive Plan as required by the Internal Revenue Code.

For the approval of the performance-based awards provisions of the Amended and Restated Long Term Incentive Plan as required by the Internal Revenue Code.

For the approval of an amendment to the Restated Articles of Incorporation to increase the number of authorized shares of common stock.

In accordance with the best judgment of the persons acting under the proxy concerning other matters that are properly brought before the meeting and at any adjournment or postponement thereof.

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Shareholders of record at the close of business on March 16, 2004, are entitled to notice of, and to vote at, the meeting. Each share of Common Stock, \$.01 par value, of the Company is entitled to one vote. At the close of business on March 16, 2004, the Company had _____ shares of Common Stock outstanding and entitled to vote.

In determining the presence of a quorum at the Annual Meeting, abstentions are counted and broker non-votes are not counted. The current Florida Business Corporation Act (the "Act") provides that directors are elected by a plurality of the votes cast and all other matters are approved if the votes cast in favor of the action exceed the votes cast against the action (unless the matter is one for which the Act or

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the articles of incorporation require a greater vote). Therefore, under the Act, abstentions and broker non-votes have no legal effect on whether a matter is approved. However, FPL Group's Bylaws, which were adopted prior to the current Act and remain in effect, provide that any matter, including the election of directors, is to be approved by the affirmative vote of a majority of the total number of shares represented at the meeting and entitled to vote on such matter (unless the matter is one for which the Act or some other law or regulation expressly requires or permits the Board of Directors to require a greater vote, or FPL Group's Articles of Incorporation or Bylaws require a greater or different vote). Therefore, as to any matter voted on by shareholders at the Annual Meeting, including the election of directors and the proposed amendment to the Restated Articles of Incorporation, the affirmative vote of a majority of the total number of shares represented at the meeting and entitled to vote is required, abstentions have the same effect as a vote against a matter, and broker non-votes have no legal effect. New York Stock Exchange (NYSE) listing rules include a required vote for approval of the Amended and Restated Long Term Incentive Plan (Proposal 3) which is similar to that required by the Company's Bylaws. The NYSE has interpreted its rules, in the past, so that if those interpretations are applied to Proposal 3, they would also require that a majority of the outstanding shares must cast votes on the proposal, abstentions would be considered as votes cast, and broker non-votes would not be considered to be votes cast.

BUSINESS OF THE MEETING

Proposal 1: Election of Directors

Listed below are the ten nominees for election as directors, their principal occupations, and certain other information regarding them. Unless otherwise noted, each director has held his or her present position continuously for five years or more and his or her employment history is uninterrupted. Directors serve until the next Annual Meeting of Shareholders or until their respective successors are elected and qualified. Unless you specify otherwise in your proxy, it will be voted for the election of the listed nominees.

H. Jesse Arnelle Mr. Arnelle, 70, is of counsel to Womble, Carlyle, Sandridge & Rice, a North Carolina-based law firm. He is a director of Armstrong World Industries, Inc., Eastman Chemical Company, Gannett Co., Inc., Textron, Inc., and Metropolitan Series Fund, Inc. He served from 1992 to 1997 as vice-chairman and from 1997 to 1998 as chairman of the Pennsylvania State University Board of Trustees. Mr. Arnelle has been a director of FPL Group since 1990.

Sherry S. Barrat Mrs. Barrat, 54, is chairman and chief executive officer of Northern Trust Bank of California, N.A. Prior to being elected to that office in January 1999, she was president of Northern Trust Bank of Florida's Palm Beach Region. She also serves on the boards of The Employers Group, the Childrens Hospital of Los Angeles, The Los Angeles World Affairs Council, The Anderson School at UCLA Board of Visitors, California State University/Northridge Foundation, the Los Angeles Sports and Entertainment Commission, Town Hall and Blue Ribbon at the Los Angeles Music Center. Mrs. Barrat has been a director of FPL Group since 1998.

Robert M. Beall, II Mr. Beall, 60, is chairman and chief executive officer of Beall's, Inc., the parent company of Beall's Department Stores, Inc., and Beall's Outlet Stores, Inc., which operate retail stores located from Florida to California. Mr. Beall is a director of Blue Cross/Blue Shield of Florida and the National Retail Federation. He is also past chairman of the Florida Chamber of Commerce and a member of the Florida Council of 100. Mr. Beall has been a director of FPL Group since 1989.

J. Hyatt Brown Mr. Brown, 66, is chairman and chief executive officer of Brown & Brown, Inc., an insurance broker based in Daytona Beach and Tampa, Florida. He is a director of SunTrust Banks, Inc., BellSouth Corporation, Rock-Tenn Company, and International Speedway Corporation. Mr. Brown is a former member of the Florida House of Representatives and served as Speaker of the House from 1978 to 1980. He is a member and past chairman of the Board of Trustees of Stetson University. Mr. Brown has been a director of FPL Group since 1989.

James L. Camaren Mr. Camaren, 49, is chairman and chief executive officer of Utilities, Inc., one of the largest investor-owned water utilities in the United States until March 2002, when it was acquired by Nuon, a Dutch company. He joined the company in 1987 and served as vice president of business development, executive vice president, and vice chairman, becoming chairman and chief executive officer in 1996. Mr. Camaren has been a director of FPL Group since October 2002.

Lewis Hay III Mr. Hay, 48, became a director, president and chief executive officer of FPL Group in June 2001, and chairman of FPL Group and chairman and chief executive officer of Florida Power & Light Company in January 2002. He joined FPL Group in 1999 as vice president, finance and chief financial officer. From March 2000 until December 2001 he served as president of FPL Group's non-utility power generation subsidiary, FPL Energy, LLC. From May 1999 to July 1999 he was President of LSME Acquisition Co., LLC, a specific purpose acquisition company. Prior to that, Mr. Hay was executive vice president and chief financial officer of U.S. Foodservice, Inc., a food service distributor. He is a director of Florida Power & Light Company, Capital One Financial Corporation, and Harris Corporation.

Frederic V. Malek Mr. Malek, 67, has been chairman of Thayer Capital Partners, a merchant bank, since 1993. Mr. Malek was formerly the president and vice chairman, successively, of Northwest Airlines Corporation, and prior to that was president of Marriott Hotels and Resorts. He served as campaign manager for Bush/Quayle '92. Mr. Malek also served in several U.S. government positions, including deputy director of the Office of Management and Budget. He is a director of Automatic Data Processing, Inc., CB Richard Ellis, the Federal National Mortgage Association (Fannie Mae), Manor Care, Inc., and Northwest Airlines Corporation. He is also a director of American Management Systems, Inc., but is leaving that board March 31, 2004. Mr. Malek has been a director of FPL Group since 1987.

Michael H. Thaman Mr. Thaman, 40, has been senior vice president and chief financial officer of Owens Corning, a world leader in building materials systems and composite systems, since April 2000, and has been its chairman since April 2002. Mr. Thaman joined Owens Corning in August 1992 as director, corporate development, and has held other positions with it since that time. From January 1999 to April 2000, he served as vice president and president of the company's exterior systems business. Mr. Thaman has been a director of FPL Group since July 2003.

Paul R. Tregurtha Mr. Tregurtha, 68, is chairman and chief executive officer of Mormac Marine Group, Inc., a maritime company, and of Moran Transportation Company, a tug/barge enterprise. He is also vice chairman of Interlake Steamship Company and Lakes Shipping Company. Mr. Tregurtha previously served as chairman, chief executive officer, president and chief operating officer of Moore McCormack Resources, Inc., a natural resources and water transportation company. Mr. Tregurtha is a director of Teachers Insurance and Annuity Association and Fleet Boston Financial Corporation. Mr. Tregurtha has been a director of FPL Group since 1989.

Frank G. Zarb Mr. Zarb, 69, is chairman of Frank Zarb Associates, LLC, a consulting firm to the financial industry, and a managing director of Hellman & Friedman, LLC, a private equity investment firm. He served as the chairman and chief executive officer of the National Association of Securities Dealers, Inc. from February 1997 until October 2000 and The Nasdaq Stock Market, Inc. from February 1997 until January 2001 and as chairman of those organizations until September 2001. From 1994 to January 1997 he was chairman, president and chief executive officer of Alexander & Alexander Services, Inc., a worldwide insurance brokerage and professional services consulting firm. He served in senior posts with seven U.S. Presidents, including the Federal Energy Administration (Energy Czar) in the Ford Administration. He is a director of American International Group, Inc. Mr. Zarb has been a director of FPL Group since August 2002.

The Board of Directors recommends a vote "FOR" the election of all nominees.

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In accordance with the provisions of the Sarbanes-Oxley Act of 2002 ("SOA"), the Audit Committee of the Board appoints the Company's independent auditors. It has appointed the certified public accounting firm of Deloitte & Touche LLP as independent public accountants to audit the accounts of FPL Group and its subsidiaries for the fiscal year ending December 31, 2004. If the shareholders do not ratify the appointment, it will be reconsidered by the Audit Committee.

Representatives of Deloitte & Touche LLP will be present at the 2004 Annual Meeting and will have an opportunity to make a statement and to respond to appropriate questions raised at the meeting.

Fees Paid to Deloitte & Touche LLP

The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche), which includes Deloitte Consulting, for the fiscal years ended December 31, 2003 and 2002.

	<u>2003</u>	<u>2002(5)</u>
Audit Fees(1)	\$ 1,388,000	\$ 1,134,000
Audit-Related Fees(2)	2,088,000	626,000
Tax Fees(3)	66,000	1,194,000
All Other Fees(4)	0	1,704,000
Total	\$ 3,542,000	\$ 4,658,000

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- (1) Audit Fees consist of fees billed for professional services rendered for the audit of FPL Group's and Florida Power & Light Company's ("FPL's") annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL Group's and FPL's Quarterly Reports on Form 10-Q for the fiscal year, comfort letters, consents, and other services related to SEC matters, services in connection with annual and semi-annual filings of FPL Group's financial statements with the Japanese Ministry of Finance, and accounting consultations to the extent necessary for Deloitte & Touche to fulfill their responsibility under generally accepted auditing standards.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL Group's and FPL's consolidated financial statements and are not reported under "Audit Fees." These fees primarily related to audits of subsidiary financial statements, comfort letters, consents and other services related to subsidiary (non-SEC registrant) financing activities, audits of employee benefit plans, due diligence pertaining to acquisitions, consultation on accounting standards and on transactions, and, in 2003, assistance with the implementation of Section 404 of SOA.
- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2003, all amounts relate to tax compliance services. In 2002, \$1,193,000 related to tax compliance services and \$1,000 related to tax advice and planning services.
- (4) All Other Fees consist of fees for products and services other than the services reported under the other named categories. In 2003, there were no other fees incurred in this category. In 2002, these fees primarily related to integrated supply chain systems implementation and employee benefit consulting services. All other fees include \$1,334,000 of fees billed by Deloitte Consulting for the year ended December 31, 2002.
- (5) Amounts previously reported for 2002 have been reclassified to conform to the categories required for 2003.

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In accordance with the requirements of SOA, the Audit Committee's pre-approval policy for services provided by the independent auditor, and the Charter of the Audit Committee, effective May 1, 2003, all services performed by Deloitte & Touche LLP are approved in advance by the Audit Committee. Audit and audit-related services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified audit and audit-related services on an as-needed basis during the year, provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any audit or audit-related service for which the fee is expected to exceed \$250,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such work. In addition, the Audit Committee approves all services other than audit and audit-related services performed by Deloitte & Touche LLP in advance of the commencement of such work or, in cases which meet the de minimus exception in SOA, prior to completion of the audit. The Audit Committee has delegated to the chairman of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. The Audit Committee reviews on a quarterly basis a schedule of all services for which Deloitte & Touche LLP has been engaged and the estimated fees for those services. In fiscal year 2003, no fees paid to Deloitte & Touche LLP under the categories Audit-Related, Tax and All Other Fees described above were approved by the Audit Committee after services were rendered pursuant to the de minimus exception established by the SOA.

The Audit Committee has determined that the non-audit services provided by Deloitte & Touche during 2003 and 2002 were compatible with maintaining that firm's independence.

The Board of Directors recommends a vote "FOR" ratification.

Proposal 3: Approval of the Amended and Restated Long Term Incentive Plan, in an Amended Form

The Board of Directors recommends that shareholders approve the Company's Amended and Restated Long Term Incentive Plan (the "Long Term Incentive Plan") which has been most recently amended in February 2004 to provide for (1) an increase in the number of shares of FPL Group Common Stock reserved for issuance under the Long Term Incentive Plan by 4,000,000 shares, thereby increasing the total number of shares available for future awards from 1,350,162 shares (as of March 1, 2004) to 5,350,162 shares, (2) an increase in the total number of shares that may be awarded annually with respect to performance-based awards under the Long Term Incentive Plan by 350,000 shares and in the maximum annual payout of such awards by 560,000 shares in the aggregate and for any individual plan participant by 25,000 shares, and (3) in certain other respects, as discussed below.

In 1994, shareholders approved the Long Term Incentive Plan, and in 1999 reapproved the material terms of the plan. The Long Term Incentive Plan was amended and restated by the Board of Directors in 2002, primarily to revise the change of control provisions of the plan to, among other things, (1) eliminate a provision for cash payment for all plan awards upon a change of control and (2) to provide that 50% (instead of 100%) of performance stock-based awards become vested and earned upon the occurrence of a change of control and the remaining 50% becomes vested and earned on the first anniversary of the change of control, provided the award-holder has not voluntarily left the employ of the Company.

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In February 2004, the Board of Directors adopted, subject to approval by shareholders at the Annual Meeting, amendments to the Long Incentive Term Plan to change it in the following respects:

An increase in the total number of shares of common stock of the Company, par value \$0.01 per share ("Common Stock"), reserved and available for awards under the plan from 9,000,000 to 13,000,000;

An increase from 250,000 to 600,000 of the total number of shares (or the equivalent fair market value thereof for awards payable other than in shares but valued by reference to shares) that may be awarded annually with respect to performance based awards under the plan, including those granted as performance awards, performance-based restricted stock and other stock-based awards subject to performance criteria; the maximum aggregate annual payout of such awards has been maintained at 160% of the annual aggregate of shares that may be awarded (however the actual number has been increased from 400,000 to 960,000 to conform with the increased annual award aggregate set forth above); the maximum annual payout for any individual plan participant has been increased from 100,000 to 125,000 shares;

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Revisions to the definition and consequences of a "Change of Control," including the following:

In the context of a reorganization, merger, consolidation or other business combination (any of the foregoing a "Business Combination"), or a sale of all or substantially all of the assets, in any such case involving the Company or a Subsidiary (as defined), a Change of Control would occur upon consummation of the transaction (rather than upon shareholder approval, extendible by the Board to consummation), unless the voting securities of the Company outstanding immediately prior to the transaction do not, immediately following the transaction, represent more than 55% (rather than 60%) of the voting securities of the resulting ultimate parent entity;

Deletion of a provision in the existing plan which provides that, in the event of a Business Combination, a Change of Control occurs if there is no reasonable assurance that a majority of the members of the Board of Directors of the Company, or their nominees, will constitute a majority of the members of the Board of Directors of the resulting ultimate parent entity for at least two years;

Providing participants whose employment is terminated, other than for Cause (as defined), within two years after a Change of Control with a period of two years (or such longer period as specified in the award agreement) following termination (but not beyond the award's original term) to exercise options and stock appreciation rights; and

Elimination of the provision which required that awards be settled in cash in the event there was a Change of Control in which shareholders received no consideration (such as a change in a majority of the Board as a result of a proxy contest) and providing the Committee that administers the plan with the flexibility to deliver a different form of consideration to participants from the consideration received by shareholders;

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A revision to the definition of "Cause" to include, prior to a Change of Control, such other events as shall be determined by the Committee in its sole discretion;

A revision to the definition of "Disability" such that it is considered to occur when a participant's employment terminates as a result of disability that is expected to be permanent or of indefinite duration;

A prohibition on the decreasing or other "re-pricing" (as determined in accordance with generally applicable accounting standards) of the exercise price per share for any option, or of the grant price for any stock appreciation right, granted under the plan, without the approval of an affirmative vote of the holders of a majority of the shares of Common Stock present or represented and entitled to vote (and, as required by the Internal Revenue Code ("Tax Code"), the affirmative vote of a majority of such shares voting) at a meeting of the shareholders;

Provide that the term of the plan will expire on the tenth anniversary of shareholder approval of the Amended and Restated Long Term Incentive Plan;

Eliminate the provision permitting grants of Limited Stock Appreciation Rights;

Various revisions which provide the Committee with more discretion and flexibility so that the Committee is able to respond appropriately to changing circumstances without the need to amend the plan, for example, providing the Committee the discretion to (i) determine "Cause" (prior to a Change of Control), (ii) make options and stock appreciation rights transferable (with no requirement to do so), (iii) modify outstanding awards in connection with corporate transactions or events, and (iv) provide, in granting particular awards, that the plan's Change of Control provisions will not apply to those awards;

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Various technical and clarifying revisions, including the following:

A clarification that "Other Stock-Based Awards" may include shares awarded as incentive whether or not such awards are made subject to any restrictions or conditions;

A clarification that the provisions of Section 7.01 of the Long Term Incentive Plan, which relates to certain income tax deduction limitations under Section 162(m) of the Tax Code, apply to "covered employees" as that term is defined in Section 162(m);

A revision to the definition of "Covered Employee" to include any person who the Committee determines may be a "covered employee" during the year in which the relevant award is expected to be taxable;

A clarification to Section 7.07 of the Long Term Incentive Plan which recognizes that Section 402(a) of the Sarbanes-Oxley Act of 2002 prohibits the Company from making or arranging for an extension of credit in the form of a personal loan to an executive officer;

A revision to the definition of "Committee" to include the requirement that the committee, which may be the Company's Compensation Committee, or a subcommittee thereof be composed of not less than two directors designated by the Board, each of whom must qualify as a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), an "outside director" within the meaning of Section 162(m)(4)(C)(i) of the Tax Code, and an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual;

A revision to the definition of "Incentive Stock Option" as an option that is both designated as such and qualifies as such, and a revision to the definition of "Non-Qualified Stock Options" to mean all other stock options; and

A revision to the definition of "Fair Market Value" so that if it is to be determined as of a date on which shares were not publicly traded, it will be determined using the closing price of a share on the most recent prior trading date.

The Long Term Incentive Plan plays an important role in the Company's efforts to attract and retain employees of outstanding ability, to provide an appropriate mix of annual and long-term incentive compensation to key employees, and to align the interests of key employees with those of the shareholders through increased employee ownership of the Common Stock of the Company. When the Long Term Incentive Plan was originally adopted in 1994, 9,000,000 shares were reserved for issuance thereunder. As of March 1, 2004, 1,619,481 shares had been issued for awards, 6,029,907 shares were subject to currently outstanding awards, and 1,350,612 shares were available for future awards. It is expected that all of originally reserved shares will be fully utilized by February 2006.

The Long Term Incentive Plan contains aggregate and individual annual limits on performance-based awards and individual payouts, primarily to enhance the Company's ability to deduct for federal income tax purposes, the full amount of awards made to the chief executive officer and the four other most highly-compensated officers ("Covered Officers"). Since the plan was originally adopted in 1994 the Company has grown substantially, the number of employees participating in the plan has increased, and the percentage of senior officers' and other key employees' total compensation represented by long-term performance based awards has increased. The proposed increase in the annual and individual limits is intended to accommodate these changes while still enhancing the Company's ability to deduct, for federal income tax purposes, the full amount of awards made to Covered Officers.

In order to continue to provide the appropriate equity incentives to employees in the future, the Board of Directors has approved an increase in the number of reserved shares, and in the annual and individual award limits, subject to shareholder approval. Other amendments approved by the Board of Directors are summarized above and are also subject to shareholder approval.

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The following summary of the Long Term Incentive Plan, as amended and restated, is qualified in its entirety by reference to the copy of the plan set forth in Appendix B to this proxy statement.

General

The purposes of the Long Term Incentive Plan are (a) to promote the identity of interests between shareholders and employees by encouraging and creating significant ownership of Common Stock of the Company by officers and other salaried employees of the Company and its subsidiaries and (b) to attract and retain the services of qualified and capable employees. To further the objective of linking compensation to corporate performance, the plan is designed to provide meaningful long-term incentive opportunities for employees who are responsible for the success of the Company and who are in a position to make significant contributions toward achieving its objectives. As discussed below, the Long Term Incentive Plan is intended to satisfy specific requirements for performance-based compensation under Section 162(m) of the Tax Code.

The Long Term Incentive Plan provides for the grant of performance awards, stock options, stock appreciation rights, restricted stock, performance-based restricted stock, deferred stock, dividend equivalents, and other stock-based awards, or combinations of these awards. The individuals eligible to participate in the plan are the Covered Officers, who in 2003 were the individuals named in the Summary Compensation Table in this proxy statement, and other salaried employees of the Company and its subsidiaries whose performance significantly contributes to the success of the Company (approximately 4,966 people as of December 31, 2003). Generally, awards are granted for no consideration other than services. Awards may be granted alone or in addition to, in tandem with, or in substitution for any other award under the plan, other awards under other plans of the Company, or other rights to payment from the Company. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

The Long Term Incentive Plan is proposed to be amended to increase the total number of shares of Common Stock which may be issued thereunder to 13,000,000, which represents an increase of 4,000,000 shares, or % of the outstanding Common Stock on the record date set for the Annual Meeting. To the extent permitted by Rule 16b-3 under the Exchange Act, shares forfeited, or related to an award which

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terminates without issuance of shares, will again be available for issuance under the plan. The shares covered by the plan may be either authorized and unissued shares or shares purchased on the open market. The closing price of a share of Common Stock on the New York Stock Exchange on March 16, 2004, was \$.

As the Long Term Incentive Plan is proposed to be amended, a maximum of 600,000 shares (or the equivalent fair market value thereof for awards payable other than in shares but valued by reference to shares) may be made subject to performance awards, performance-based restricted stock, and other stock-based awards subject to performance criteria in any year. The maximum payout of such awards in any year may not exceed 160%, or 960,000 shares in the aggregate and 125,000 shares to any individual.

A maximum of 1,500,000 shares may be made subject to options or stock appreciation rights in any year. No participant may receive awards covering or representing more than 25% of the maximum number of shares which may be made subject to such types of awards in any year.

The maximum overall and individual annual share and share-equivalent limits described in the preceding two paragraphs are subject to adjustment by the committee which administers the Long Term Incentive Plan in the event of a corporate transaction or event in order to prevent dilution or enlargement of the rights of plan participants or for any other reason. See "Amendment, Termination and Adjustments," below.

Administration

The Long Term Incentive Plan will be administered by a committee composed of not less than two directors designated by the Board to administer the plan (the "Committee"), each of whom must be an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual. Each member of the Committee, or a subcommittee thereof, must also be a "non-employee director" as defined under Rule 16b-3 under the Exchange Act and an "outside director" as defined by Section 162(m) of the Tax Code. The Committee is authorized to select and designate participants, designate subsidiaries of the Company whose employees may be participants, determine the type and number of awards to be granted, set terms and conditions of awards, determine whether and to what extent and under what circumstances an award may be settled, prescribe the form of each award agreement, adopt, amend, suspend, waive and rescind such rules and regulations and appoint such agents necessary or advisable to administer the plan, correct any defect or inconsistency in the plan and make all determinations which may be necessary or advisable for the administration of the plan.

Performance Awards

Performance awards (historically in the form of performance share awards and, until 2003, shareholder value awards) confer upon a participant rights payable or exercisable based on the attainment of certain performance objectives during specified award periods. Performance awards are denominated in shares of Common Stock, may be payable in cash, stock, other awards or other property, and may be subject to such forfeiture conditions, restrictions, and other terms as the Committee may specify. Currently, the Committee makes grants of performance share awards, denominated in shares of Common Stock, to the Covered Officers and other participants at the beginning of each year.

The grants of performance share awards constitute targeted long-term incentive compensation awards which can be earned over a specified award period (currently three years) based on performance. Payouts of performance share awards are determined by multiplying the number of shares granted with respect to an award by the participant's average level of attainment, expressed as a percentage which may not exceed 160%, of his or her targeted award under the Annual Incentive Plans for each of the years encompassed by the award period. The same performance criteria and payout formula would be applicable to awards of performance-based restricted stock and other stock-based awards subject to performance criteria. The Committee has discretion to reduce the payout to a Covered Officer, but not to increase it. Since one of the goals of the performance share program is to link directly the financial interests of FPL Group's

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shareholders and senior management, performance share award payouts (except for cash for the payment of incomes taxes) are made in shares of Common Stock which the recipient is expected, consistent with policies on stock ownership and retention prescribed by the Board, to hold for the duration of his or her employment.

Shareholder value awards are targeted amounts of shares of Common Stock that are payable at the end of a specified performance period (typically three years). The amount of the payout is determined by multiplying the participant's targeted number of shares by a factor derived by dividing the average annual total shareholder return of FPL Group (price appreciation of FPL Group Common Stock plus dividends) by the total shareholder return of the Standard & Poor's Electric Companies Index companies over the performance period. The payout may not exceed 160% of the targeted awards. Since February 2002, the Committee has not made shareholder value awards, based on its judgment that such awards were not as effective in furthering the objective of linking compensation to corporate performance as other types of awards available under the Long Term Incentive Plan.

Stock Options and SARs

Stock options, including incentive stock options ("ISOs") and non-qualified stock options, entitle the participant to purchase shares of Common Stock at prescribed prices. Stock appreciation rights ("SARs") entitle the participant to receive the excess of the fair market value of a share of Common Stock on the date of exercise over the grant price of the SAR. SARs may be granted alone or in tandem with options. The exercise price of an option and the grant price of an SAR may not be less than the fair market value per share of the Common Stock on the date of grant except in certain limited circumstances (specified in Section 7.03 of the plan). Stock options and SARs are exercisable at such times and subject to such terms and conditions as established by the Committee, except no option or SAR may have a term exceeding 10 years. Options may be exercised by payment of the exercise price in cash, Common Stock, outstanding awards or other property as the Committee may determine from time to time. As the Long Term Incentive Plan is proposed to be amended, after an option or SAR is granted, the exercise price per share purchasable under the option or the grant price of the SAR may not be decreased, nor shall any other action be taken with respect to such option or SAR that would constitute a "re-pricing" (determined in accordance with generally applicable accounting standards), unless such decrease or re-pricing is approved by the affirmative vote of the holders of a majority of the shares of Common Stock present or represented and entitled to vote (and the affirmative vote of a majority of the shares voting) at a meeting of the shareholders.

Restricted and Deferred Stock

Restricted stock generally consists of shares which may not be disposed of by participants until restrictions established by the Committee lapse. Performance-based restricted stock consists of shares that are subject to restrictions and to a risk of forfeiture if specified performance criteria are not met during the restriction period. A participant receiving restricted stock will have all of the rights of a shareholder of the Company, including the right to vote the shares and receive dividends, except to the extent limited by the Committee. Deferred stock generally consists of a right to receive shares at the end of specified deferral periods. Deferred stock is subject to such restrictions or limitations as the Committee may impose. Deferred stock carries no voting or dividend rights or other rights associated with stock ownership (although rights to receive dividend equivalents may be awarded). Upon termination of employment during the restriction or deferral period, restricted or deferred stock will be forfeited subject to such exceptions, if any, as are authorized by the Committee.

Dividend Equivalents

Dividend equivalents confer on participants the right to receive, currently or on a deferred basis, cash, stock, other awards, or other property equal in value to dividends paid on a specific number of shares.

Dividend equivalents may be paid directly to participants or may be deemed to be reinvested in additional shares or plan awards or otherwise.

Other Stock-Based Awards

The Committee may also grant awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Common Stock. The Committee determines the terms and conditions of such awards, including any consideration to be paid to exercise awards, any performance objectives to be attained, the period during which awards will be outstanding, and forfeiture conditions and restrictions. Other stock-based awards granted under the terms of the Long Term Incentive Plan may include bonus or other incentive share awards whether or not such awards are made subject to any other restrictions or conditions.

Other Terms of Awards

Awards may be settled in cash, Common Stock, other awards or other property. The Committee may require or permit participants to defer the distribution of all or part of an award in accordance with such terms and conditions as the Committee may establish, including payment of interest or dividend equivalents on any deferred amounts or stock, respectively. The Committee may place shares or other property in trusts or make other arrangements to provide for payment of the Company's obligations under the Long Term Incentive Plan.

Awards may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution or as otherwise determined by the Committee, and to the extent permitted under Rule 16b-3 under the Exchange Act. With respect to awards other than ISOs, a participant may designate a beneficiary to exercise such person's rights and receive distributions under the Long Term Incentive Plan upon such person's death.

The Company may, at the discretion of the Committee, make, guarantee, or arrange loans to participants in connection with the exercise of any option or other payment (including taxes) relating to an award. The Committee will determine the terms and provisions of any such loans, including interest rates, recourse provisions, and conditions under which loan repayments could be waived. However, the Company will not make, guarantee or arrange loans to any individual in violation of any applicable law, including without limitation the Sarbanes-Oxley Act of 2002, Section 402(a) of which prohibits the Company from making or arranging for an extension of credit in the form of a personal loan to any director or executive officer.

Amendment, Termination, and Adjustments

The Board may amend, suspend or terminate the Long Term Incentive Plan without the consent of shareholders or participants, except that shareholder approval will be sought within one year after such Board action if shareholder approval is required by any applicable law or regulation or rule of a stock exchange, or if the Board in its discretion determines that obtaining such approval is advisable. The Committee may also amend, accelerate, suspend or terminate any outstanding award and any related agreement. No amendment (including the amendments proposed for approval at the Annual Meeting) or termination may impair the rights of a participant under any outstanding award without his or her consent. The Long Term Incentive Plan will terminate on the tenth anniversary date of shareholder approval of the Amended and Restated Long Term Incentive Plan, although outstanding awards will not be affected.

In the event of certain changes affecting the shares of Common Stock (such as a stock dividend or distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, or other similar corporate transaction or event), the Committee may adjust the aggregate number (annual and overall) or kind of shares which may be issued under the Long Term Incentive Plan and the terms of outstanding awards as it deems to be appropriate in order to prevent dilution or enlargement of participants' rights under the plan or for any other reason. The

Committee may also make adjustments in the terms and conditions of awards in recognition of unusual or nonrecurring events affecting the Company or any subsidiary or their financial statements or changes in applicable laws, regulations, or accounting principles.

Change of Control

Unless otherwise determined by the Committee in connection with the grant of an award or unless the participant and the Company agree otherwise, in the event of a Change of Control, the Long Term Incentive Plan provides that (i) 50% of all outstanding performance stock-based awards (for example, performance share awards and shareholder value awards) shall be vested and earned at an achievement level equal to the higher of (x) the targeted level of performance of each such award or (y) the average level (expressed as a percentage of target) of achievement in respect of similar awards maturing over the three fiscal years immediately prior to the year in which the Change of Control occurred; (ii) all other outstanding stock-based awards not in the nature of a right that may be exercised and which are not subject to performance criteria shall be fully vested and earned; (iii) all options and other exercisable rights shall become exercisable and vested; (iv) the restrictions, deferral limitations and forfeiture conditions applicable to all outstanding awards shall lapse and such awards shall be deemed fully vested; and (v) in the event the participant's employment with the Company and its subsidiaries is terminated other than for Cause (as defined in the plan) during the 24-month period following a Change of Control, any option or stock appreciation right held by the participant when the Change of Control occurred that remains outstanding on the date of such termination may thereafter be exercised until the earlier of (A) the second anniversary of the date of termination (or such longer period specified in the award agreement) or (B) the expiration of the stated term of such option or stock appreciation right.

The remaining 50% of the outstanding performance stock-based awards (calculated in the same manner as described above) will be paid on the first anniversary of the Change of Control if the participant has remained employed by the Company or an affiliate through such date or upon an earlier termination of employment by the Company, except for Cause or Disability (each as defined in the plan). Payment in respect of such awards will be made as soon as practicable following such date.

For purposes of the Long Term Incentive Plan, a Change of Control shall mean the first of the following to occur: (i) the acquisition by any individual, entity, or group of 20% or more of either the Company's Common Stock or the combined voting power of the Company other than directly from the Company or pursuant to a merger or other business combination which does not itself constitute a Change of Control, (ii) the incumbent directors of the Company ceasing, for any reason, to constitute a majority of the Board of Directors, unless each director who was not an incumbent director was elected, or nominated for election, by a majority of the incumbent directors and directors subsequently so elected or appointed (excluding those elected as a result of an actual or threatened election contest or other solicitation of proxies), (iii) consummation of a reorganization, merger, sale of assets, consolidation or other business combination of the Company or any subsidiary with respect to which (x) the voting securities of the Company outstanding immediately prior to the transaction do not, immediately following the transaction, represent more than 55% of the common stock and the voting power of all voting securities of the resulting ultimate parent entity or (y) the incumbent directors of the Company (with the exceptions discussed in (ii) above) constitute less than a majority of the members of the Board of Directors of the resulting ultimate parent entity, or (iv) the shareholders approve the complete liquidation or dissolution of the Company.

Federal Income Tax Implications

The Company believes that under present law, the following federal income tax consequences generally arise with respect to awards granted under the Long Term Incentive Plan. The grant of an option or SAR (including a stock-based award in the nature of a purchase right) will create no tax consequences for the participant or the Company. A participant will not have taxable income upon exercising an ISO (except that the alternative minimum tax may apply) and the Company will receive no deduction at that

time. Upon exercising an option other than an ISO (including a stock-based award in the nature of a purchase right and also including any disqualifying disposition of an award originally granted as an ISO), the participant must generally recognize ordinary income equal to the difference between the exercise price and fair market value of the freely transferable and nonforfeitable stock acquired on the date of exercise, and upon exercising an SAR, the participant must generally recognize ordinary income equal to the cash or the fair market value of the freely transferable and nonforfeitable stock received. In each case, the Company will be entitled to a deduction equal to the amount recognized as ordinary income by the participant.

A participant's disposition of shares acquired upon the exercise of an option, SAR, or other stock-based award in the nature of a purchase right generally will result in short-term or long-term capital gain or loss (except in the event that shares issued pursuant to the exercise of an ISO are disposed of within two years after the date of grant of the ISO or within one year after the transfer of the shares to the participant) measured by the difference between the sale price and the participant's tax basis in such shares (or the exercise price of the option in the case of shares acquired by exercise of an ISO and held for the applicable ISO holding periods). Generally, there will be no tax consequences to the Company in connection with a disposition of shares acquired under an option or other award, except that the Company will be entitled to a deduction (and the participant will recognize ordinary taxable income) if shares acquired upon exercise of an ISO are disposed of before the applicable ISO holding periods have been satisfied.

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With respect to awards granted under the Long Term Incentive Plan that may be settled either in cash or in Common Stock or other property that is either not restricted as to transferability or not subject to a substantial risk of forfeiture, the participant must generally recognize ordinary income equal to the cash or the fair market value of stock or other property received. The Company will be entitled to a deduction for the same amount. With respect to awards involving Common Stock or other property that is restricted as to transferability and subject to a substantial risk of forfeiture, the participant must generally recognize ordinary income equal to the fair market value of the shares or other property received at the time the shares or other property become transferable or not subject to a substantial risk of forfeiture, whichever occurs earlier. The Company will be entitled to a deduction for the same amount at the same time the participant recognizes ordinary income. A participant may elect to be taxed at the time of receipt of shares or other property rather than upon lapse of restrictions on transferability or the substantial risk of forfeiture, in which case the Company will be entitled to a deduction at the same time.

In each instance described above, the deduction available to the Company may be limited, as to the Covered Officers, by the Tax Code, which places a \$1 million limit on the deduction that may be taken for compensation paid to any Covered Officer unless such compensation is based on the attainment of "objective" performance goals established in advance by a committee of two or more outside directors, and paid pursuant to a plan approved by shareholders. The Long Term Incentive Plan is designed to enable the Company to meet the requirements for deductibility as to performance awards, performance-based restricted stock, stock options, stock appreciation rights, and other performance-based awards subject to performance criteria if Proposal 5, relating to the Long Term Incentive Plan and described elsewhere in this proxy statement, is approved by shareholders.

The foregoing provides only a general description of the application of federal income tax laws to certain types of awards under the Long Term Incentive Plan. Different tax rules may apply with respect to participants who are subject to Section 16 of the Exchange Act, when they acquire stock in a transaction deemed to be a nonexempt purchase under that statute or within six months of an exempt grant of a derivative security under the Long Term Incentive Plan, and with respect to the Company and participants in the event of a Change of Control. The summary does not address the effects of other federal taxes or taxes imposed under state, local, or foreign tax laws.

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Equity Compensation Plan Information

All of FPL Group's equity compensation plans (as defined by applicable SEC regulations) have been approved by its shareholders. FPL Group's equity compensation plan information as of December 31, 2003 is as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ^(a) (c)
Equity compensation plans approved by security holders:			
FPL Group's Long Term Incentive Plan	4,780,412	\$ 57.24	2,838,316

(a) These shares are also available for issuance as restricted stock and as performance-based stock awards.

The Board of Directors has approved the FPL Group, Inc. Amended and Restated Long Term Incentive Plan, in an amended form, and recommends the adoption of the following resolution which will be presented at the Annual Meeting:

RESOLVED, that the shareholders of FPL Group, Inc. hereby approve the FPL Group, Inc. Amended and Restated Long Term Incentive Plan, in the form of Appendix B to the proxy statement, for the 2004 Annual Meeting of Shareholders.

The affirmative vote of the holders of a majority of the total number of shares represented at the meeting and entitled to vote is required for approval of the Long Term Incentive Plan. In the event shareholder approval is not obtained, awards may continue to be made under the terms of

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the Long Term Incentive Plan as currently in effect. In addition, the amendments approved by the Board of Directors in February 2004 other than those relating to the increase in the total number of shares available under the plan and the increases in the overall and individual annual award limits, might be separately approved by the Board of Directors since those amendments do not require shareholder approval.

The Board of Directors believes that approval of the Long Term Incentive Plan, as amended, is advisable to continue to attract and retain skilled employees, and to motivate and reward employees for exceptional performance.

The Board of Directors recommends a vote "FOR" the approval of the Amended and Restated Long Term Incentive Plan, in the amended form

Proposals regarding Approval of Incentive Compensation Plans as required by the Internal Revenue Code

Background

For many years the Company has adhered to the principle of pay-for-performance. Payments of both annual and long-term incentive compensation to senior officers are based on the achievement of specific performance measures, as described in the Compensation Committee Report herein with respect to 2003.

The following two proposals seek shareholder approval necessary to enable the Company to be eligible to deduct for federal income tax purposes certain compensation which may be paid in the future under the Company's current Annual Incentive Plan ("Annual Incentive Plan") and the current FPL Group, Inc. Amended and Restated Long Term Incentive Plan (or, if approved by the shareholders at this meeting, the amended form of the FPL Group, Inc. Amended and Restated Long Term Incentive Plan proposed for approval in this proxy statement) ("Long Term Incentive Plan").

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Section 162(m) of the Tax Code places a \$1 million limit on the income tax deduction that may be taken by publicly-held corporations such as FPL Group for compensation paid to the chief executive officer and the four other most highly-compensated officers ("Covered Officers") unless such compensation is based on the attainment of objective performance goals established in advance by a committee of two or more outside directors and the "material terms" of the plans under which the compensation is to be paid are disclosed to and approved by shareholders. Because the Company's plans give the committee that administers the plans discretion to establish the performance goals, the Tax Code requires that the plans' material terms be reapproved by shareholders at least once every five years. Shareholders approved the Annual Incentive Plan and the Long Term Incentive Plan in 1994, and reapproved the material terms of those plans in 1999.

Accordingly, shareholders are being asked to approve the material terms (described below) of (i) the Annual Incentive Plan and (ii) a portion of the Long Term Incentive Plan whether or not the amended form of the Long Term Incentive Plan proposed in Proposal 3 in this proxy statement is approved. If such approvals are not obtained the Company will lose its eligibility for the federal income tax deduction for compensation in excess of \$1 million paid to any of the Covered Officers. This would result in a higher income tax liability for the Company and a corresponding decrease in net income. The Tax Code requires the affirmative vote of a majority of the votes cast, including abstentions, for approval and the Company's Bylaws require the affirmative vote of a majority of the shares represented at the meeting and entitled to vote (abstentions having the same effect as a vote against the matter, and broker non-votes having no legal effect).

Proposal 4: Approval of the Annual Incentive Plan as required by the Internal Revenue Code

The persons eligible to participate in the Annual Incentive Plan are all officers and other salaried employees of the Company and its subsidiaries whose performance significantly contributes to the success of the Company. Participants are selected by the Compensation Committee, which is comprised entirely of non-employee directors. See "Director Meetings and Committees," beginning on page 26. Under the terms of their Employment Agreements, the Company has agreed that certain senior executives will participate in the Annual Incentive Plan. See the discussion of "Employment Agreements" below.

The Annual Incentive Plan is based on the attainment of net income goals, which are adjusted for specified items including any changes in accounting principles, any changes in the mark-to-market value of non-qualifying hedges, and certain charges or gains. At the beginning of each year, the Compensation Committee establishes written net income goals for the Company and targeted annual incentive awards for the participants. The targeted awards are established by the Compensation Committee based on a percentage of base salary. Payouts of the awards are based on the degree of achievement of the net income goals. The targets are objective: there is a minimum net income level that must be achieved before any payout may occur, a targeted payout, and a maximum payout. Payouts are subject to reduction based on the level of achievement of other performance measures established by the Compensation Committee and at the discretion of the Compensation Committee.

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For 2004, the maximum annual incentive award is set at 200% of the targeted award for each individual, and the maximum annual incentive payments that could be earned by the officers named in the Summary Compensation Table range from \$514,100 to \$2,000,000.

The Board of Directors believes that approval of the Annual Incentive Plan is advisable to attract and retain skilled employees, to motivate and to reward employees for exceptional performance, and to provide for the availability of deductibility of this form of compensation.

The Board of Directors recommends a vote "FOR" approval of the Annual Incentive Plan as required by the Internal Revenue Code

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Proposal 5: Approval of the performance-based awards provisions of the Amended and Restated Long Term Incentive Plan as required by the Internal Revenue Code

Like the Annual Incentive Plan, the individuals eligible to participate in the Long Term Incentive Plan are all officers and other salaried employees of the Company and its subsidiaries whose performance significantly contributes to the success of the Company. Participants are selected by the Compensation Committee. Under the terms of their Employment Agreements, the Company has agreed that certain senior executives will participate in the Long Term Incentive Plan. See the discussion of "Employment Agreements" below.

The Long Term Incentive Plan provides for the grant of performance awards, stock appreciation rights, restricted stock, performance-based restricted stock, deferred stock, dividend equivalents, and other stock-based awards, or combinations of these awards. As required by the Tax Code, the material terms of the Long Term Incentive Plan relating to performance awards, performance-based restricted stock, and other stock-based awards subject to performance criteria (including shareholder value awards) are being submitted for approval by shareholders.

Performance awards (historically in the form of performance share awards and, until 2003, shareholder value awards) confer upon a participant rights payable or exercisable based on the attainment of certain performance objectives during specified award periods. Performance awards are denominated in shares of Common Stock, may be payable in cash, stock, other awards or other property, and may be subject to such forfeiture conditions, restrictions, and other terms as the Committee may specify. Currently, the Committee makes grants of performance share awards (and prior to 2003, shareholder value awards), denominated in shares, to the Covered Officers and other participants at the beginning of each year.

The grants of performance share awards constitute targeted long-term incentive compensation awards which can be earned over a specified award period (currently three years) based on performance. Payouts of performance share awards are determined by multiplying the number of shares granted with respect to an award by the participant's average level of attainment, expressed as a percentage which may not exceed 160%, of his or her targeted award under the Annual Incentive Plans for each of the years encompassed by the award period. Awards under the Annual Incentive Plans are based on the attainment of specified amounts of net income, as described above under Proposal 4. The same performance criteria and payout formula would be applicable to awards of performance-based restricted stock and other stock-based awards subject to performance criteria. The Committee has discretion to reduce the payout to a Covered Officer, but not to increase it. Since one of the goals of the performance share program is to link directly the financial interests of FPL Group's shareholders and senior management, performance share award payouts (except for cash for the payment of income taxes) are made in shares of Common Stock which the recipient is expected, consistent with policies on stock ownership and retention prescribed by the Board, to hold for the duration of his or her employment.

Shareholder value awards are targeted amounts of shares of Common Stock that are payable at the end of a specified performance period (typically three years prior to 2003). The amount of the payout is determined by multiplying the participant's targeted number of shares by a factor derived by dividing the average annual total shareholder return of FPL Group (price appreciation of FPL Group Common Stock plus dividends) by the total shareholder return of the Standard & Poor's Electric Companies Index companies over the performance period. The payout may not exceed 160% of the targeted awards. Since February 2002, the Company has not made shareholder value awards, based on its judgment that such awards were not as effective in furthering the objective of linking compensation to corporate performance as other types of awards available under the Long Term Incentive Plan.

Under the current Long Term Incentive Plan, a maximum of 250,000 shares (or the equivalent fair market value thereof for awards payable other than in shares but valued by reference to shares) may be made subject to performance awards, performance-based restricted stock, and other stock-based awards

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subject to performance criteria in any year. The maximum payout of such awards in any year may not exceed 160%, or 400,000 shares in the aggregate and 100,000 shares to any individual. No participant may receive awards covering or representing more than 25% of the maximum number of shares which may be made subject to such types of awards in any year.

Under the amended form of the Long Term Incentive Plan proposed for approval in this proxy statement (Proposal 3), a maximum of 600,000 shares (or the equivalent fair market value thereof for awards payable other than in shares but valued by reference to shares) may be made subject to performance awards, performance-based restricted stock, and other stock-based awards subject to performance criteria in any year. The maximum payout of such awards in any year may not exceed 160%, or 960,000 shares in the aggregate and 125,000 shares to any individual. No participant may receive awards covering or representing more than 25% of the maximum number of shares which may be made subject to such types of awards in any year.

The maximum overall and individual annual share and share-equivalent limits described above are subject to adjustment by the Committee in the event of a corporate transaction or event in order to prevent dilution or enlargement of the rights of plan participants or, under the terms of the Long Term Incentive Plan proposed for shareholder approval (Proposal 3), for any other reason.

The current Long Term Incentive Plan provides that, in the event of a "change of control", (i) 50% of all outstanding performance stock-based awards (for example, performance share awards and shareholder value awards) shall be vested and earned at an achievement level equal to the higher of (x) the targeted level of performance of each such award or (y) the average level (expressed as a percentage of target) of achievement in respect of similar awards maturing over the three fiscal years immediately prior to the year in which the change of control occurred; (ii) all other outstanding performance stock-based awards shall be fully vested and earned; (iii) all options and other exercisable rights shall become exercisable and vested; (iv) the restrictions, deferral limitations and forfeiture conditions applicable to all outstanding awards shall lapse and such awards shall be deemed fully vested; and (v) (a) if as a result of a change of control, the shares are exchanged for or converted into a different form of equity security and/or the right to receive other property (including cash), payment in respect of the underlying awards described in items (i) and (ii) and stock-based awards described in item (iv) will be made in the same form, or (b) if a change of control occurs and the Company's shareholders do not, as a group, receive consideration in connection with the change of control, then payment in respect of awards will be made in cash based on the average share closing price for the 20 trading days immediately preceding the date of the change of control.

The Long Incentive Term Plan proposed for shareholder approval provides that, in the event of a change of control, unless otherwise determined by the Committee in connection with the grant of an award or unless the participant and the Company agree otherwise, (i) 50% of all outstanding performance stock-based awards (for example, performance share awards and shareholder value awards) shall be vested and earned at an achievement level equal to the higher of (x) the targeted level of performance of each such award or (y) the average level (expressed as a percentage of target) of achievement in respect of similar awards maturing over the three fiscal years immediately prior to the year in which the change of control occurred; (ii) all other outstanding stock-based awards not in the nature of a right that may be exercised and which are not subject to performance criteria shall be fully vested and earned; (iii) all options and other exercisable rights shall become exercisable and vested; (iv) the restrictions, deferral limitations and forfeiture conditions applicable to all outstanding awards shall lapse and such awards shall be deemed fully vested; and (v) in the event the participant's employment with the Company and its subsidiaries is terminated other than for cause (as defined in the Long Term Incentive Plan) during the 24-month period following a change of control, any option or stock appreciation right held by the participant when the change of control occurred that remains outstanding on the date of such termination may thereafter be exercised until the earlier of (A) the second anniversary of the date of termination (or such longer period specified in the award agreement) or (B) the expiration of the stated term of such option or stock appreciation right.

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The remaining 50% of the outstanding performance stock-based awards (calculated in the same manner as described above) will be paid on the first anniversary of the change of control if the participant has remained employed by the Company or an affiliate through such date or upon an earlier termination of employment by the Company, except for cause or disability (each as defined in the Long Term Incentive Plan). Payment in respect of such awards will be made as soon as practicable following such date.

For purposes of the Long Term Incentive Plan, a change of control shall mean the first of the following to occur: (i) the acquisition by any individual, entity, or group of 20% or more of either the Company's Common Stock or the combined voting power of the Company other than directly from the Company or pursuant to a merger or other business combination which does not itself constitute a change of control, (ii) the incumbent directors of the Company ceasing, for any reason, to constitute a majority of the Board of Directors, unless each director who was not an incumbent director was elected, or nominated for election, by a majority of the incumbent directors and directors subsequently so elected or appointed (excluding those elected as a result of an actual or threatened election contest or other solicitation of proxies), (iii) under the current Long Term Incentive Plan, approval by shareholders or, if specified by the Board of Directors in the exercise of its discretion, consummation of a merger, sale of assets, reorganization or other business combination of the Company or any subsidiary with respect to which (x) the voting securities of the Company outstanding immediately prior to the transaction do not, immediately following the transaction, represent more than

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60% of the common stock and the voting power of all voting securities of the resulting ultimate parent entity or (y) the incumbent directors of the Company (with the exceptions discussed in (ii) above) constitute less than a majority of the members of the Board of Directors of the resulting ultimate parent entity, or there is no reasonable assurance that they, or their nominees, will constitute at least a majority of that Board of Directors for at least two years, or (iv) the shareholders approve the complete liquidation or dissolution of the Company. Under the Amended and Restated Long Term Incentive Plan proposed for shareholder approval, the definition of change of control relating to business combinations described in paragraph (iii) above is amended so that a change of control does not occur until consummation of the transaction, the 60% continuing ownership standard is reduced to 55%, and the change of control provision relating to reasonable assurance of at least two years majority of incumbent directors is deleted.

Please see the discussion in Proposal 3, and the copy of the Amended and Restated Long Term Incentive Plan, as it is proposed to be amended, for a more complete description of the proposed Amended and Restated Long Term Incentive Plan. If Proposal 3 and this proposal are approved by shareholders, approval of this proposal will apply to the Amended and Restated Long Term Incentive Plan as it is proposed to be amended. If Proposal 3 is not approved by shareholders and this proposal is approved, approval of this proposal will apply to the existing Amended and Restated Long Term Incentive Plan.

The Board of Directors believes that approval of the performance-based awards provisions of the Long Term Incentive Plan is advisable to attract and retain skilled employees, to motivate and to reward employees for exceptional performance, and to provide for the availability of deductibility of this form of compensation.

The Board of Directors recommends a vote "FOR" approval of the performance-based awards provisions of the Amended and Restated Long Term Incentive Plan as required by the Internal Revenue Code

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Proposal 6: Approval of an Increase in Authorized Common Stock

On February 13, 2004, the Board of Directors approved an amendment to the Company's Restated Articles of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 300,000,000 to 400,000,000. There will be no change in the par value of each share of Common Stock and the amendment will not affect the number of shares of authorized serial preferred stock, par value \$0.01 per share, which is 100,000,000 shares. The full text of the proposed amendment to Section 1 of Article III of the Restated Articles of Incorporation is set forth below:

Section 1. *Authorized Capital Stock.* The aggregate number of shares which the Corporation is authorized to issue is 500,000,000 shares, consisting of 100,000,000 shares of Serial Preferred Stock, \$.01 par value, and 400,000,000 shares of Common Stock, \$.01 par value.

The Company is currently permitted to issue up to an aggregate of 300,000,000 shares of Common Stock. As of February 29, 2004, 184,641,509 shares of Common Stock were issued and outstanding. Approximately 19,556,445 additional shares were reserved for issuance in connection with possible equity financings and under the Company's compensation, benefit and dividend reinvestment plans, and up to 19,880,000 shares were reserved for issuance upon settlement of purchase contracts that form a part of equity units (known as Corporate Units). Therefore, as of February 29, 2004, there were 75,922,046 remaining available authorized shares of Common Stock.

If the proposed amendment is approved, the newly authorized but unissued shares will be available for issuance from time to time at the discretion of the Board of Directors for such purposes and consideration as the Board may approve. Generally, no shareholder approval is required for the issuance of authorized but unissued shares of Common Stock, except as provided by the rules of the New York Stock Exchange. NYSE rules require shareholder approval of issuances of common stock under certain circumstances including when the number of shares to be issued equals or exceeds 20% of the voting power outstanding (for the Company currently issuance of more than 36,928,302 shares of Common Stock based on shares outstanding as of February 29, 2004) unless certain exceptions apply.

Unissued shares of Common Stock will be available at the discretion of the Board of Directors for, among other things, possible acquisitions, issuances to raise additional capital, stock splits and other corporate purposes. In the recent past, the Board of Directors has authorized the issuance of shares in connection with financings and compensation, benefit and dividend reinvestment plans. The Company has no present plans or proposals to issue shares that would be authorized by the proposed amendment.

Shareholders have no preemptive rights to acquire shares issued by the Company under its existing Restated Articles of Incorporation, and shareholders would not acquire any such rights with respect to such additional shares under the proposed amendment to the Company's Restated Articles of Incorporation. Newly authorized shares would have the same rights as the presently authorized shares, including the right to cast one

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vote per share and the right to receive dividends declared and paid by the Company. Although the authorization of the additional shares would not, by itself, have any effect on the rights of shareholders, issuance of additional shares of Common Stock for other than a stock split or dividend could, under certain circumstances, have a dilutive effect on voting rights, equity and earnings per share of existing shareholders.

In addition to the Common Stock, the Restated Articles of Incorporation currently grants to the Board of Directors the authority to authorize the issuance of up to 100,000,000 shares of serial preferred stock, in on or more series, without shareholder approval. As of the date of this proxy statement, there are no shares of the Company's serial preferred stock issued or outstanding; however, 3,000,000 shares of Series A Junior Participating Preferred Stock have been authorized for issuance in connection with the exercise of certain preferred share purchase rights associated with the Common Stock.

While the issuance of shares in certain instances may have the effect of forestalling a hostile takeover, by making a change of control more difficult, the Board of Directors does not intend or view the increase

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in authorized Common Stock as an anti-takeover measure, nor is the Company aware of any proposed or contemplated transaction of this type.

The Board of Directors believes that the amendment to increase the number of authorized shares of Common Stock is advisable in order to have shares available to meet the Company's future business needs as they arise.

The Board of Directors recommends a vote "FOR" the amendment to the Articles of Incorporation.

INFORMATION ABOUT THE COMPANY AND MANAGEMENT

Performance Graph

The graph below compares the cumulative total returns, including reinvestment of dividends, of FPL Group Common Stock with the companies in the Standard & Poor's 500 Index (S&P 500), the Standard & Poor's Electric Companies Index (S&P Electrics) and the Dow Jones US Electric Utilities Index (Dow Jones Electrics). The comparison covers the five years ended December 31, 2003, and is based on an assumed \$100 investment on December 31, 1998, in each of the S&P 500, the S&P Electrics, the Dow Jones Electrics and FPL Group Common Stock. The S&P Electrics is based on the performance of 22 companies; the Dow Jones Electrics is based on the performance of 58 companies. The S&P Electrics is more heavily weighted toward companies engaged, to a significant extent, in the traditional state-regulated electric utility business. The Dow Jones Electrics, which includes all of the companies included in the S&P Electrics, also includes a number of companies that are exclusively or primarily engaged in the independent power production business. FPL Group is primarily engaged in the traditional electric utility business, but is increasingly engaged in the independent power production business as well. Therefore, both indexes have been selected for comparison purposes. FPL Group is included in all three indexes.

Total Return for the Five Years Ended December 31, 2003

Common Stock Ownership of Management and Others

The following table indicates how much FPL Group Common Stock is beneficially owned by (a) each person known by the Company to own 5% or more of the Common Stock, (b) each of the Company's directors and each executive officer named in the Summary Compensation Table, and (c) all of the Company's directors and executive officers as a group.

Principal Shareholders:	Number of Shares(a)
Fidelity Management Trust Company 82 Devonshire Street Boston, Massachusetts 02109	13,864,231(b)
Capital Research and Management Company 333 South Hope Street Los Angeles, California 90071	11,784,600(c)
Directors and Executive Officers:	
H. Jesse Arnelle	14,896(d)(e)(g)
Sherry S. Barrat	10,355(d)(g)
Robert M. Beall, II	10,183(e)(g)(i)
J. Hyatt Brown	18,145(e)(g)(i)
James L. Camaren	7,209(d)(g)(i)
Dennis P. Coyle	224,976(f)(g)(h)(i)
Moray P. Dewhurst	141,493(d)(f)(g)(h)
Alexander W. Dreyfoos, Jr.	15,790(d)(g)(j)
Lewis Hay III	397,836(d)(f)(g)(h)
Frederic V. Malek	10,126(e)(g)
Armando J. Olivera	136,022(d)(f)(g)(h)
James L. Robo	86,002(f)(g)(h)

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Principal Shareholders:	Number of Shares(a)
Michael H. Thaman	900(g)
Paul R. Tregurtha	11,423(d)(e)(g)
Frank G. Zarb	3,700(g)
All directors and executive officers as a group	1,493,539(d)(e)(f)(g)(h)(i)(k)

(a) Information is as of February 15, 2004, except for holdings under retirement plans, which are as of January 30, 2004, and except as indicated. Unless otherwise indicated, each person has sole voting and sole dispositive power.

(b) Represents approximately 7.5% of the Common Stock outstanding; shares held at January 30, 2004 as Trustee under the Florida Power & Light Company Master Thrift Plan Trust. The Trustee disclaims beneficial ownership of such securities. Shares are voted by the Trustee in accordance with instructions of the participants to whose accounts such shares are allocated, and a proportionate number of shares which are held in the plans but not yet allocated to participants are voted in accordance with such instructions. Leveraged ESOP shares held in the plans which have been allocated to participants' accounts, but for which voting instructions are not received, are voted by the Trustee in the same proportions as those shares which have been voted by participants.

(c) Represents approximately 6.4% of the Common Stock outstanding. This information has been derived from Schedule 13G of Capital Research and Management Company ("Capital Research"), filed with the Securities and Exchange Commission on February 13, 2004. All shares are owned of record by clients of Capital Research, which reported sole dispositive power over 11,784,600 shares.

(d) Includes as