

FPL GROUP INC  
Form DEF 14A  
April 03, 2009  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**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)

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

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Table of Contents

**Notice of 2009 Annual Meeting  
and Proxy Statement**

**YOUR VOTE IS IMPORTANT  
PLEASE SUBMIT YOUR PROXY PROMPTLY**

**Table of Contents**

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

**Notice of Annual Meeting of Shareholders**

**May 22, 2009**

The Annual Meeting of Shareholders of FPL Group, Inc. ( FPL Group ) will be held in the Juno Beach Auditorium at FPL Group s offices at 700 Universe Boulevard, Juno Beach, Florida at 10:00 a.m. on Friday, May 22, 2009, to consider and act upon the following items of business:

1. Election as directors of the nominees specified in the accompanying proxy statement.
2. Ratification of appointment of Deloitte & Touche LLP as FPL Group s independent registered public accounting firm for 2009.
3. Approval of the material terms under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan for payment of performance-based compensation as required by Internal Revenue Code section 162(m).
4. Such other business as may properly be brought before the annual meeting or any adjournment or postponement of the annual meeting.

The proxy statement more fully describes these items. FPL Group has not received notice of other matters that may properly be presented at the annual meeting.

The record date for shareholders entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement of the annual meeting is March 23, 2009.

Admittance to the annual meeting will be limited to shareholders. For the safety of attendees, all boxes, handbags and briefcases are subject to inspection. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices are not permitted at the meeting.

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

By order of the Board of Directors.

**Alissa E. Ballot**

Vice President & Corporate Secretary  
Juno Beach, Florida

April 6, 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDER MEETING TO BE HELD ON MAY 22, 2009**

**The proxy statement and annual report to security holders are available at**

*[www.fplgroup.com/proxy.shtml](http://www.fplgroup.com/proxy.shtml)*

**Table of Contents****Table of Contents**

	<b>Page</b>
<u>ABOUT THE ANNUAL MEETING</u>	1
<u>BUSINESS OF THE ANNUAL MEETING</u>	6
<u>Proposal 1: Election as directors of the nominees specified in this proxy statement</u>	6
<u>Proposal 2: Ratification of appointment of Deloitte &amp; Touche LLP as independent registered public accounting firm for 2009</u>	9
<u>Proposal 3: Approval of the material terms under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan for payment of performance-based compensation as required by Internal Revenue Code section 162(m)</u>	10
<u>INFORMATION ABOUT FPL GROUP AND MANAGEMENT</u>	22
<u>Common Stock Ownership of Certain Beneficial Owners and Management</u>	22
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	24
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	24
<u>Corporate Governance Principles &amp; Guidelines/Code of Ethics</u>	24
<u>Director Resignation Policy</u>	24
<u>Director Independence</u>	25
<u>Director Meetings and Attendance</u>	26
<u>Executive Sessions of Non-Management Directors</u>	26
<u>Committees</u>	26
<u>Consideration of Director Nominees</u>	31
<u>Communications with the Board</u>	33
<u>Policy Regarding Transactions with Related Persons</u>	33
<u>AUDIT-RELATED MATTERS</u>	34
<u>Audit Committee Report</u>	34
<u>Fees Paid to Deloitte &amp; Touche LLP</u>	36
<u>Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm</u>	36
<u>EXECUTIVE COMPENSATION</u>	37
<u>Compensation Discussion &amp; Analysis</u>	37
<u>Compensation Committee Report</u>	59
<u>Table 1a: Summary Compensation Table</u>	60
<u>Table 2: 2008 Grants of Plan-Based Awards</u>	66
<u>Table 3: 2008 Outstanding Equity Awards at Fiscal Year End</u>	71
<u>Table 4: 2008 Options Exercises and Stock Vested</u>	75
<u>Table 5: Pension Benefits</u>	76
<u>Table 6: Nonqualified Deferred Compensation</u>	78
<u>Potential Payments Upon Termination or Change in Control</u>	81
<u>DIRECTOR COMPENSATION</u>	90
<u>SHAREHOLDER PROPOSALS</u>	92
<u>NO INCORPORATION BY REFERENCE</u>	92
<u>SHAREHOLDER ACCOUNT MAINTENANCE</u>	92
<u>Appendix A: FPL Group, Inc. Amended and Restated Long Term Incentive Plan</u>	A-1

**Table of Contents**

**FPL GROUP, INC.**

**Annual Meeting of Shareholders**

**May 22, 2009**

**PROXY STATEMENT**

This proxy statement contains information related to the solicitation of proxies by the Board of Directors of FPL Group, Inc., a Florida corporation ( FPL Group, the Company, we, us or our ), in connection with the annual meeting of FPL Group's shareholders to be held on Friday, May 22, 2009, beginning at 10:00 a.m., in the Juno Beach Auditorium at FPL Group's offices at 700 Universe Boulevard, Juno Beach, Florida and at any postponements or adjournments of the annual meeting. This notice of annual meeting, proxy statement and form of proxy are being mailed and made available electronically starting on or about April 6, 2009.

**ABOUT THE ANNUAL MEETING**

**What is the purpose of the annual meeting?**

At the annual meeting, shareholders will act upon the matters outlined in the notice of annual meeting of shareholders, including the election as directors of the nominees specified in this proxy statement, ratification of the appointment of the Company's independent registered public accounting firm for 2009, and approval of the material terms under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan ( LTIP ) for payment of performance-based compensation as required by Internal Revenue Code section 162(m). In addition, management will report on the performance of the Company and respond to questions from shareholders.

**Who can attend the annual meeting?**

Subject to space availability, all shareholders as of the record date, or their duly appointed proxies, may attend the annual meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 a.m. If you plan to attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Invited representatives of the media and financial community may also attend the annual meeting.

You will need an admission ticket or proof of ownership of FPL Group common stock to enter the annual meeting. An admission ticket is attached to your proxy/confidential voting instruction card if you hold shares directly in your name as a shareholder of record or if you are a participant in any of FPL Group's Employee Retirement Savings Plans. If you plan to attend the annual meeting, please submit your proxy but keep the admission ticket and bring it with you to the meeting. If you have received your proxy statement by electronic delivery, you can request an admission ticket by calling the Coordinator, Shareholder Services, at 561-694-4694.

If your shares are registered or held in the name of your broker or bank or other nominee, your shares are held in street name. Please note that, if you hold your shares in street name, you will need to bring proof that you were a street name owner of shares of FPL Group common stock as of the record date, such as a copy of a bank or brokerage statement, and check in at the registration desk at the meeting.

**Will the annual meeting be webcast?**

Our annual meeting will be webcast (audio only) on May 22, 2009. If you do not attend the annual meeting, you are invited to visit [www.fplgroup.com](http://www.fplgroup.com) at 10 a.m., Eastern time, on May 22, 2009 to access the webcast of the meeting. You will not be able to vote your shares via the webcast. A replay of the webcast also will be available on our website through the first week of June 2009.

## **Table of Contents**

### **Who is entitled to vote at the annual meeting?**

Only FPL Group shareholders at the close of business on March 23, 2009, the record date for the annual meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a shareholder on that date, you will be entitled to vote all of the shares that you held on that date at the annual meeting or any adjournments or postponements of the annual meeting.

### **What are the voting rights of the holders of the Company's common stock?**

Each outstanding share of FPL Group common stock, par value \$.01 per share, will be entitled to one vote on each matter properly brought before the annual meeting.

### **What constitutes a quorum?**

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of FPL Group common stock issued and outstanding on the record date will constitute a quorum, permitting the business of the meeting to be conducted.

As of the record date, 410,788,460 shares of FPL Group common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least 205,394,231 shares will be required to establish a quorum.

In determining the presence of a quorum at the annual meeting, abstentions in person, proxies received but marked as abstentions as to any or all matters to be voted on, and proxies received with broker non-votes on some but not all matters to be voted on, are counted as present.

A broker non-vote occurs when a broker, bank or other holder of record that holds shares for a beneficial owner ( broker ) does not vote on a particular proposal because the broker has not received voting instructions from the beneficial owner and does not have discretionary voting power for that particular proposal. Brokers may vote on the election of directors and ratification of the appointment of the independent registered public accounting firm even if they have not received instructions from the beneficial owner. However, brokers may not vote on the proposal to approve the material terms under the LTIP for payment of performance-based compensation unless they have received voting instructions from the beneficial owner. See the response to "What vote is required on the matters proposed?" below for a discussion of the effect of broker non-votes on this proposal.

### **What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

If your shares are registered directly in your name with FPL Group's transfer agent, Computershare Investor Services, LLC, you are considered, with respect to those shares, the shareholder of record. The notice of annual meeting, proxy statement, annual report and proxy card have been sent directly to you by or on behalf of FPL Group.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The notice of annual meeting, proxy statement, annual report and voting instruction form have been forwarded to you by or on behalf of your broker, who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker how to vote your shares by using the voting instruction form the broker sent to you or by following the broker's instructions for submitting your voting instructions by telephone or on the Internet.

### **How do I submit my proxy or voting instructions?**

#### ***On the Internet, by telephone or by mail***

Most shareholders can submit their proxy or voting instructions by using one of the following three methods:

By Internet You can vote on the Internet by following the instructions on your proxy/confidential voting instruction card or the voting instructions provided by your broker.



**Table of Contents**

**By Telephone** In the United States and Canada you can vote by telephone by following the instructions on your proxy/confidential voting instruction card or the voting instructions provided by your broker.

**By Mail** You can vote by mail by completing, signing and dating the enclosed proxy/confidential voting instruction card or the voting instruction form provided by your broker and returning it in the envelope provided.

Please see your proxy/confidential voting instruction card or the information your broker provided to you for more information on these options. FPL Group's proxy tabulator, Broadridge Investor Communications Solutions, Inc., must receive any proxy/confidential voting instruction card that will not be delivered in person at the annual meeting, or any vote on the Internet or by telephone, by 11:59 p.m., Eastern time, on Thursday, May 21, 2009.

If you are a shareholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named as proxies in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

***In person at the annual meeting***

All shareholders may vote in person at the annual meeting. However, if you are a beneficial owner of shares, you must obtain a legal proxy from your broker and present it to the inspector of election with your ballot to be able to vote at the annual meeting.

Your vote is important. You can save us the expense of a second mailing by submitting your proxy or voting instructions promptly.

**Can I change my vote after I return my proxy/confidential voting instruction card or voting instructions or submit my proxy or voting instructions by telephone or using the Internet?**

Yes.

If you are a shareholder of record, you can revoke your proxy before it is exercised by:

written notice to the Corporate Secretary of the Company;

timely delivery of a valid, later-dated proxy or later-dated voting instructions by telephone or through the Internet; or

voting by ballot at the annual meeting, although please note that attendance at the meeting will not by itself revoke a previously granted proxy.

You may change your proxy by using any one of these methods regardless of the method you previously used to submit your proxy.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker. You may also vote in person at the annual meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares for which proxies have been properly submitted and not revoked will be voted at the annual meeting.

**How do I vote my Employee Retirement Savings Plan (401(k)) shares?**

If you participate in any of our Employee Retirement Savings Plans (the plans), you may give voting instructions to Fidelity Management Trust Company, as trustee of the plans (Trustee). If you are a

## **Table of Contents**

non-bargaining FPL Group employee, or a bargaining unit employee outside the state of Florida, you may give your voting instructions to the Trustee by following the instructions you received in an e-mail sent to your work e-mail address (unless you opted to the contrary). If you are a Florida Power & Light Company ( Florida Power & Light ) bargaining unit employee in Florida, or a participant in the plans who is not a current employee of FPL Group or its subsidiaries, or if you opted out of e-mail delivery, you may give your voting instructions to the Trustee through the Internet or by telephone by following the instructions on your proxy/confidential voting instruction card, or you may give your voting instruction to the Trustee by mail by completing and returning the proxy/confidential voting instruction card accompanying this proxy statement.

Your instructions will tell the Trustee how to vote the number of shares of common stock in the plans reflecting your proportionate interest in the FPL Group Stock Fund and the FPL Group Leveraged ESOP Fund. You have this right because the plans deem you to be a named fiduciary of the shares of common stock allocated to your account for voting purposes. Your instructions will also determine the vote of a proportionate number of shares of common stock in the Leveraged ESOP Fund which are not yet allocated to participants. If you do not give the Trustee voting instructions, the number of shares reflecting your proportionate interest in the FPL Group Stock Fund and the FPL Group Leveraged ESOP Fund will not be voted, but your proportionate share of the unallocated FPL Group Leveraged ESOP Fund shares will be voted by the Trustee in the same manner as it votes unallocated shares for which instructions are received. The Trustee will vote your shares in accordance with your duly executed instructions received by 1 a.m., Eastern time, on May 20, 2009.

You may also revoke previously given voting instructions by 1 a.m., Eastern time, on May 20, 2009, by filing written notice of revocation with the Trustee or by giving new voting instructions in any of the ways described above. The Trustee will follow the last timely voting instructions which it receives from you. Your voting instructions will be kept confidential by the Trustee.

### **What is householding and how does it affect me?**

FPL Group has adopted a procedure approved by the Securities and Exchange Commission ( SEC ) called householding. Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Company s notice of annual meeting, proxy statement and annual report, unless one or more of these shareholders notifies the Company that they wish to continue receiving individual copies. This procedure will reduce FPL Group s printing costs and postage fees. Shareholders who participate in householding will continue to receive separate proxy cards.

If you are eligible for householding, but you and other shareholders of record with whom you share an address currently receive multiple copies of the notice of annual meeting, proxy statement and annual report, or if you hold shares in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact us in writing at FPL Group, Shareholder Services, P.O. Box 14000, 700 Universe Blvd., Juno Beach, Florida, 33408-0420 or by calling 1-800-222-4511.

If you participate in householding and wish to receive a separate copy of this notice of annual meeting, proxy statement and annual report, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact FPL Group as indicated above.

Beneficial owners can request information about householding from their banks, brokers or other holders of record.

### **What are the Board s recommendations?**

Unless you give other instructions on your proxy card, the persons named as proxies on the proxy card will vote in accordance with the recommendations of FPL Group s Board of Directors ( Board ). The Board s recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

**FOR** the election as directors of the nominees specified in this proxy statement. (See Proposal 1)

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**Table of Contents**

**FOR** ratification of appointment of Deloitte & Touche LLP as FPL Group's independent registered public accounting firm for 2009. (See Proposal 2)

**FOR** approval of the material terms under the LTIP for payment of performance-based compensation as required by Internal Revenue Code section 162(m). (See Proposal 3)

In accordance with the discretion of the persons acting under the proxy concerning such other business as may properly be brought before the annual meeting or any adjournment or postponement thereof.

**What vote is required on the matters proposed?**

***Election as directors of the nominees specified in this proxy statement*** The affirmative vote of a majority of the total number of shares represented at the meeting and entitled to vote (a Majority Vote) is required. Since brokers are permitted under New York Stock Exchange (NYSE) rules to vote your shares on the election of directors even if the broker does not receive voting instructions from you, there are not expected to be broker non-votes on this proposal. Each abstention or vote to withhold has the same effect as a vote against a nominee. See *Director Resignation Policy* in the section entitled *Corporate Governance and Board Matters* for information about FPL Group's policy if a director fails to receive the required Majority Vote.

***Ratification of appointment of independent registered public accounting firm*** A Majority Vote is required. Since brokers are permitted under NYSE rules to vote your shares on this proposal even if the broker does not receive voting instructions from you, there are not expected to be broker non-votes on this proposal. Each abstention has the same effect as a vote against ratification.

***Approval of the material terms under the LTIP for payment of performance-based compensation*** A Majority Vote is required. In addition, in order for some of the compensation paid under the LTIP to certain officers to be deductible for federal income tax purposes, Internal Revenue Service (IRS) regulations require that the proposal receive the approval of a majority of the votes cast, including abstentions. Abstentions will therefore have the same effect as a vote against the proposal. Brokers are not permitted under NYSE rules to vote your shares on this proposal if the broker does not receive voting instructions from you. Since broker non-votes will not be counted as participating in the voting and are not votes cast, they will have no legal effect on this proposal.

**Who pays for the solicitation of proxies?**

FPL Group is soliciting proxies, and it will bear the expense of solicitation. Proxies will be solicited principally by mail, but directors, officers and regular employees of FPL Group or its subsidiaries may solicit proxies personally, or by telephone or by electronic media, but without compensation other than their regular compensation. FPL Group has retained Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies, for which it will be paid a fee of \$7,500 plus out-of-pocket expenses. FPL Group will reimburse custodians, nominees and other persons for their out-of-pocket expenses in sending proxy materials to beneficial owners.

**Could other matters be decided at the annual meeting?**

At the date this proxy statement went to press, the Board did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement and does not intend to bring before the meeting any matter other than the proposals described in this proxy statement. If, however, other matters are properly brought before the annual meeting, or any adjourned or postponed meeting, your proxies include discretionary authority on the part of the individuals appointed to vote your shares or act on those matters according to their discretion, including to adjourn or postpone the annual meeting.

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**Table of Contents**

**Can I access the notice of annual meeting, proxy statement and annual report on the Internet?**

The notice of annual meeting, proxy statement and annual report may be viewed online at [www.fplgroup.com/proxy.shtml](http://www.fplgroup.com/proxy.shtml).

**BUSINESS OF THE ANNUAL MEETING**

**Proposal 1: Election as directors of the nominees specified in this proxy statement**

The Board is currently comprised of twelve members. Each of the members is standing for election at the meeting.

Listed below are the twelve 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, your proxy will be voted FOR the election of the listed nominees.

**Sherry S. Barrat**

Mrs. Barrat, 59, is president of Personal Financial Services for The Northern Trust Company, a banking corporation headquartered in Chicago, Illinois. Mrs. Barrat is a member of Northern Trust's Management Committee. Prior to being appointed to her current office in January 2006, Mrs. Barrat served as chairman and chief executive officer of Northern Trust Bank of California, N.A., from 1999 through 2005, and as president of Northern Trust Bank of Florida's Palm Beach Region from 1992 through 1998. Mrs. Barrat joined Northern Trust in 1990 in Miami. Mrs. Barrat has been a director of FPL Group since 1998.

**Robert M. Beall, II**

Mr. Beall, 65, is chairman of Bealls, Inc., the parent company of Bealls Department Stores, Inc., and Bealls Outlet Stores, Inc., which operate retail stores located from Florida to California. Until August 2006, he was also chief executive officer of Bealls, Inc. Mr. Beall is a director of SunTrust Banks, Inc., Blue Cross/Blue Shield of Florida and the National Retail Federation. He is also past chairman of the Florida Chamber of Commerce. Mr. Beall has been a director of FPL Group since 1989.

**J. Hyatt Brown**

Mr. Brown, 71, is chairman of the board and chief executive officer of Brown & Brown, Inc., an insurance broker based in Daytona Beach and Tampa, Florida. He has announced his transition from chief executive officer to non-executive chairman of Brown & Brown, Inc. effective July 2009. He is also a director of 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.

**Table of Contents**

Mr. Camaren, 54, is a private investor. Until May 2006, he was chairman and chief executive officer of Utilities, Inc. Utilities, Inc. was one of the largest investor-owned water utilities in the United States until March 2002, when it was acquired by Nuon, a Dutch company, which subsequently sold Utilities, Inc. in April 2006. He joined Utilities, Inc. in 1987 and served successively 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 2002.

**James L. Camaren**

Mr. Ferguson, 54, is chairman and chief executive officer of Eastman Chemical Company ( Eastman ), a global chemical company engaged in the manufacture and sale of a broad portfolio of chemicals, plastics and fibers. Mr. Ferguson plans to retire as chief executive officer of Eastman in May 2009, but to continue to serve as executive chairman of that company through 2010. Prior to becoming chairman and chief executive officer of Eastman in January 2002, Mr. Ferguson served as president of Eastman's Chemicals Group, where he had direct responsibility for all chemicals-based business organizations, as well as the manufacturing, sales, pricing and product management, technology and geographical aspects of the business group. He joined Eastman in 1977 and led several of its businesses in the U.S. and Asia. Mr. Ferguson is a director of the American Chemistry Council. Mr. Ferguson has been a director of FPL Group since 2005.

**J. Brian Ferguson**

Mr. Hay, 53, is the chairman and chief executive officer of FPL Group, having relinquished the title of president in December 2006. He 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. Mr. Hay relinquished the title of chief executive officer of Florida Power & Light Company in July 2008. 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 competitive energy subsidiary, NextEra Energy Resources, LLC (formerly known as FPL Energy, LLC). He is a director of Capital One Financial Corporation and Harris Corporation, as well as FPL Group's subsidiary, Florida Power & Light Company.

**Lewis Hay, III**

Ms. Jennings, 59, has since 2007 been the chairman of the board of Jack Jennings & Sons, Inc., a family-owned construction business which provides general contractor, construction manager and design builder services. She served as the Lieutenant Governor of the State of Florida from March 2003 through December 2006. Prior to serving in that role, she was a member of the Florida Senate from 1980 until 2000, including two consecutive terms as Senate President, and a member of the Florida House of Representatives from 1976 until 1980. From 1983 until she became Lieutenant Governor, she also served as president of Jack Jennings & Sons. Ms. Jennings is a director of Brown & Brown, Inc. and the Nemours Foundation and a trustee of Rollins College. She has been a director of FPL Group since 2007.

**Toni Jennings**

**Table of Contents**

<b>Oliver D. Kingsley, Jr.</b>	Mr. Kingsley, 66, is retired, and currently serves as Associate Dean for Special Projects at the Samuel Ginn College of Engineering at Auburn University. Prior to his retirement, Mr. Kingsley served from February 2002 to November 2004 as president and chief operating officer of Exelon Corporation, an integrated utility company, and as president and chief executive officer of Exelon's subsidiary, Exelon Generation. Prior thereto, Mr. Kingsley served as president and chief nuclear officer of Exelon Nuclear from October 2000 to February 2002. Mr. Kingsley is a director of McDermott International, Inc. and has been a director of FPL Group since 2007.
<b>Rudy E. Schupp</b>	Mr. Schupp, 58, has been the president and chief executive officer, and a director, of 1 <sup>st</sup> United Bank, a banking corporation located in Boca Raton, Florida, and chief executive officer and a director of its parent company, 1 <sup>st</sup> United Bancorp, Inc., since mid-2003. He was the chairman, president and chief executive officer of Republic Security Bank in West Palm Beach, Florida from 1984 until March 2001, and the chairman, president and chief executive officer of its parent company, Republic Security Financial Corporation ( RSFC ), from 1985 until March 2001, when RSFC was acquired by Wachovia Corporation. Following the acquisition, he served as Chairman of Florida Banking of Wachovia Bank, N.A. until December 2001. In March 2002, Mr. Schupp became a managing director of Ryan Beck & Co., an investment banking and brokerage company, a position he held until March 2003. He is a director of the Federal Reserve Bank of Atlanta, a director (and the former chairman) of the Business Development Board of Palm Beach County and a former president of the Florida Bankers Association. Mr. Schupp has been a director of FPL Group since 2005.
<b>Michael H. Thaman</b>	Mr. Thaman, 45, has been president and chief executive officer of Owens Corning, a world leader in building materials systems and composite systems, since December 2007, and has been its chairman since April 2002. Prior to becoming president and chief executive officer, Mr. Thaman had served as senior vice president and chief financial officer of Owens Corning since April 2000. Mr. Thaman joined Owens Corning in August 1992 as director, corporate development, and has held other positions with it since that time. Mr. Thaman has been a director of FPL Group since 2003.
<b>Hansel E. Tookes, II</b>	Mr. Tookes, 61, retired from Raytheon Company, a company engaged in defense and government electronics, space and airborne systems, information technology, technical services and business and special mission aircraft, in December 2002. He joined Raytheon in 1999 as president and chief operating officer of Raytheon Aircraft Company, was appointed chairman and chief executive officer of Raytheon Aircraft Company in 2000, and became president of Raytheon International in 2001. From 1980 until joining Raytheon, Mr. Tookes held a variety of leadership positions with United Technologies Corporation, including serving as president of Pratt & Whitney's Large Military Engines Group. He is a director of Corning Incorporated, Harris Corporation, BBA Aviation PLC and Ryder System, Inc. Mr. Tookes has been a director of FPL Group since 2005.

**Table of Contents**

**Paul R. Tregurtha**

Mr. Tregurtha, 73, is chairman and chief executive officer of Moran Transportation Company, a tug and marine transportation services enterprise, and of Mormac Marine Group, Inc., a maritime company. 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. He has been a director of FPL Group since 1989.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION  
OF ALL NOMINEES.**

**Proposal 2: Ratification of appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2009**

In accordance with the provisions of the Sarbanes-Oxley Act of 2002 ( Sarbanes-Oxley ), the Audit Committee of the Board appoints the Company s independent registered public accounting firm. It has appointed Deloitte & Touche LLP as the independent registered public accounting firm to audit the accounts of FPL Group and its subsidiaries, as well as to provide its opinion on the effectiveness of the Company s internal control over financial reporting, for the fiscal year ending December 31, 2009. Although ratification is not required by FPL Group s Bylaws or otherwise, the Board is submitting the selection of Deloitte & Touche LLP to shareholders as a matter of good corporate practice. If the shareholders do not ratify the appointment, it will be reconsidered by the Audit Committee. Additional information on audit-related matters may be found beginning on page 34 of this proxy statement.

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

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF  
APPOINTMENT OF DELOITTE & TOUCHE LLP AS INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009.**

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**Table of Contents**

**Proposal 3: Approval of the material terms under the FPL Group, Inc. Amended and Restated Long Term Incentive Plan for payment of performance-based compensation as required by Internal Revenue Code section 162(m)**

As discussed in the *Compensation Discussion & Analysis* section of this proxy statement, the Company adheres to a performance-based executive compensation philosophy. Performance-based equity awards under the LTIP represent an important element of the long-term incentive compensation paid to the Company's executive officers and other employees. This proposal seeks shareholder approval necessary to enable the Company to continue to be eligible to deduct for federal income tax purposes certain performance-based compensation that may be paid to its covered executive officers under the LTIP, as the LTIP is proposed to be amended upon approval by the shareholders at the annual meeting.

***Summary of Proposal***

The Company's shareholders are asked to consider and vote upon a proposal to approve the material terms under the LTIP for payment of performance-based compensation under the LTIP. Approval of this proposal will constitute approval of (1) an amendment (the Amendment) to the LTIP specifying additional performance measures pursuant to which the Company may make performance-based awards under the LTIP, (2) the persons eligible to received performance-based compensation under the LTIP and (3) the maximum amount that may be paid to any such eligible persons. Approval of this proposal would permit the compensation paid to the Company's covered executive officers pursuant to awards under the LTIP upon achievement of goals under one or more of the performance measures to constitute qualified performance-based compensation for purposes of section 162(m) of the Internal Revenue Code (section 162(m)), and thereby enable FPL Group to deduct such compensation for federal income tax purposes.

The performance measures that are being proposed in the Amendment are the same as the performance measures under the FPL Group, Inc. Executive Annual Incentive Plan (Annual Incentive Plan) approved by the Company's shareholders at the 2008 annual meeting of shareholders. The Board unanimously approved the Amendment on February 13, 2009 and believes that the Amendment is in the best interests of FPL Group and its shareholders. The Amendment will become effective upon shareholder approval of this proposal at the annual meeting.

The persons eligible to received performance-based compensation under the LTIP are officers and other salaried employees, including employees who are also directors, of FPL Group or any of its subsidiaries.

The maximum amount that may be paid to any such eligible persons under the LTIP pursuant to performance awards, performance-based restricted stock, and other stock-based awards subject to performance criteria in any calendar year is 250,000 shares of common stock or the equivalent fair market value with respect to awards valued by reference to, or otherwise based on or related to, shares of common stock. The maximum number of shares of common stock that may be made subject to options and stock appreciation rights in any calendar year to any such eligible persons under the LTIP is 750,000 shares. The maximum annual share and share-equivalent limits described above are subject to adjustment upon the occurrence of specified corporate transactions or events in order to prevent dilution or enlargement of the rights of such eligible persons under the LTIP.

You are urged to read this entire proposal and the text of the LTIP, as amended and restated by the Amendment, which is attached to this proxy statement as Appendix A and incorporated by reference into this proposal.

***Purpose of Amendment***

The purpose of the Amendment is to increase the number and types of performance measures under the LTIP for awards to the covered executive officers that will constitute qualified performance-based compensation for purposes of section 162(m). Under section 162(m), the Company's shareholders must approve the Amendment for such compensation to be deductible for federal income tax purposes. The committee currently



## **Table of Contents**

administering the LTIP, which is the Compensation Committee, believes that the additional performance measures set forth in the Amendment will provide it with enhanced flexibility to structure performance-based grants under the LTIP for the covered executive officers in a manner that is consistent with the requirements of section 162(m).

The annual net income of FPL Group is the sole performance measure currently authorized under the LTIP. The Compensation Committee historically has used this performance measure in structuring the terms of various types of awards granted to executive officers under the LTIP, including performance share and restricted stock awards, which are intended to qualify for deductibility under section 162(m). The Amendment would add to annual net income the same additional performance measures that are currently approved under the Annual Incentive Plan. Approval of the Amendment would permit continued use of the annual net income measure as well as authorize the use of the new performance measures.

The Amendment does not alter the considerations of the Compensation Committee with respect to grants under the LTIP. Because the grant of awards under the LTIP is within the discretion of the Compensation Committee, it is not possible to determine at the date of this proxy statement the amount of any future awards under the LTIP that may be made to executive officers or other employees.

### ***Effect of Failure to Receive Shareholder Approval***

If shareholders do not approve this proposal, the Amendment will not become effective and the LTIP as currently in effect, other than the sole performance measure currently set forth in the LTIP, will remain in full force and effect in accordance with its existing terms. In this event, the Compensation Committee no longer would have the discretion to make awards under the LTIP intended to constitute qualified performance-based compensation pursuant to the annual net income measure, which last was approved by the Company's shareholders at the annual meeting held in 2004. Under section 162(m), shareholders must approve at least every five years the material terms of performance-based compensation for such compensation to be deductible for federal income tax purposes. The shareholder approval requirement for continued use of the annual net income measure will be satisfied only if shareholders approve the Amendment.

### ***Section 162(m) of the Internal Revenue Code***

Section 162(m) generally provides that no federal income tax business expense deduction is allowed for annual compensation in excess of \$1 million paid by a publicly traded corporation to its principal executive officer or any of the three other most highly compensated officers (excluding the principal financial officer), as determined in accordance with the applicable rules under the Securities Exchange Act of 1934 ( Exchange Act ). Under the Internal Revenue Code, however, there is no limitation on the deductibility of compensation that represents qualified performance-based compensation as determined under the Internal Revenue Code. To constitute qualified performance-based compensation, the compensation paid by the Company to its covered executive officers must be paid solely on account of the attainment of one or more objective performance goals established in writing by the Compensation Committee, while the attainment of such goals is substantially uncertain. Performance goals may be based on one or more performance measures consisting of business criteria that apply to an individual, a business unit or FPL Group on a consolidated basis, but need not be based on an increase or positive result under the business criteria selected. The Compensation Committee is prohibited from increasing the amount of compensation payable if a performance goal is met, but may reduce or eliminate compensation even if the performance goal is attained. Under section 162(m), the Company's shareholders must approve at least every five years (1) the persons eligible to receive performance-based compensation, (2) the types of performance measures and (3) the maximum amount that may be paid to the covered executive officers or the formula used to calculate this amount.

### ***Summary of Amendment***

If approved by shareholders, the Amendment will increase the number and types of performance measures under the LTIP for awards to the Company's covered executive officers that will constitute qualified performance-based compensation for purposes of section 162(m).

## **Table of Contents**

Awards of performance-based compensation under the LTIP, as the LTIP will be amended upon shareholder approval, are contingent upon the attainment of one or more performance goals, which may be stated as alternative goals, established in writing by the Compensation Committee for a participant for each performance period, which is generally FPL Group's taxable year. Compensation intended to constitute qualified performance-based compensation for purposes of section 162(m) will be contingent upon the achievement of pre-established goals based on one or more of the enumerated business criteria. Such goals may be expressed on an absolute or relative basis, on a before-tax or after-tax basis or on a consolidated or business-unit basis, and are subject to other terms and conditions set forth in the LTIP. The performance goals may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or the past or current performance of other companies, and may include or exclude any or all extraordinary, non-core, non-operating or non-recurring items, or such other items as the Compensation Committee may determine to include or exclude.

Unusual conditions may warrant revision or alteration of performance goals after they are established. Such conditions may include, without limitation, the following:

change of control of FPL Group, as defined in the LTIP and described below;

declaration and distribution of stock dividends or stock splits;

mergers, consolidations or reorganizations;

acquisitions or dispositions of material business units; and

infrequently occurring or extraordinary gains or losses.

To the extent that the evaluation of performance may include or exclude any of these items, the inclusions or exclusions must be in a form that meets the requirements of section 162(m).

The LTIP currently provides that the Company's annual net income is the sole performance measure for grants of performance-based awards. If the Amendment is approved by shareholders, the LTIP would contain a list of performance measures in addition to annual net income. This is the same list of performance measures as was approved by shareholders in 2008 for use under the Annual Incentive Plan. The following is the complete list of performance measures contained in the Amendment:

adjusted earnings;

return on equity;

earnings per share growth;

basic earnings per common share;

diluted earnings per common share;

adjusted earnings per share;

net income;

adjusted earnings before interest and taxes;

earnings before interest, taxes, depreciation and amortization;

operating cash flow;

operations and maintenance expense;

total shareholder return;

operating income;

strategic business objectives, consisting of one or more objectives based upon meeting specified cost targets, business expansion goals, new growth opportunities, market penetration, and goals relating to acquisitions or divestitures, or goals relating to capital raising and capital management;

**Table of Contents**

customer satisfaction, as measured by, among other things, one or more of service cost, service levels, responsiveness, business value, and residential value;

environmental, including, among other things, one or more of improvement in, or attainment of, emissions levels, project completion milestones, and prevention of significant environmental violations;

share price;

production measures, consisting of, among other things, one or more of capacity utilization, generating equivalent availability, production cost, fossil generation activity, generating capacity factor, Institute of Nuclear Power Operations (INPO) Index performance, and World Association of Nuclear Power Operators (WANO) Index performance;

bad debt expense;

service reliability;

quality;

improvement in, or attainment of, expense levels, including, among other things, one or more of operations and maintenance expense, capital expenditures and total expenditures;

budget achievement;

health and safety, as measured by, among other things, one or more of recordable case rate and severity rate;

reliability, as measured by, among other things, one or more of outage frequency, outage duration, frequency of momentary interruptions, average frequency of customer interruptions, and average number of momentary interruptions per customer;

ethics and compliance with applicable laws, regulations and professional standards;

risk management;

workforce quality, as measured by, among other things, one or more of diversity measures, talent and leadership development, workforce hiring, and employee satisfaction;

cost recovery; and

any combination of the foregoing.

If shareholders approve the Amendment, Section 7.01 and Exhibit A of the LTIP will be amended to include the foregoing provisions relating to performance measures. The text of the LTIP attached as Appendix A to this proxy statement contains Section 7.01 and Exhibit A in the form in which they are proposed to be amended.

***Summary of Material Provisions of the LTIP***

The LTIP was initially approved by the Company's shareholders at the annual meeting held in 1994 and most recently approved, in amended form, by shareholders at the annual meeting held in 2004.

The following summary of the material provisions of the LTIP, as proposed to be amended by the Amendment, is qualified in its entirety by reference to the complete text of the LTIP, which is attached as Appendix A to this proxy statement and incorporated by reference into this proposal.

***Purpose and Eligibility.*** The purpose of the LTIP is to promote the identity of interests between shareholders of FPL Group and employees of FPL Group and its subsidiaries by encouraging and creating significant ownership of FPL Group common stock by officers and other salaried employees of FPL Group and its subsidiaries, to enable FPL Group and its subsidiaries to attract and retain qualified officers and employees who contribute to FPL Group's success by their ability, ingenuity and industry, and to provide meaningful long-term incentive opportunities for officers and other employees who are responsible for the success of FPL Group and are in a position to make significant contributions toward its objectives.

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## **Table of Contents**

Awards may be granted under the LTIP only to individuals who are officers or other salaried employees, including employees who also are directors, of FPL Group or any of its subsidiaries.

As of March 2, 2009, there were approximately 7,000 persons eligible to participate in the LTIP.

**Term.** The LTIP will terminate on May 21, 2014, unless earlier terminated by the Board.

**Administration, Amendment and Termination.** The LTIP is administered by a committee (the Committee) consisting of two or more directors who are independent under NYSE standards, meet the qualifications of a non-employee director within the meaning of Rule 16b-3 under the Exchange Act and qualify as outside directors within the meaning of section 162(m) and the regulations thereunder. The Committee may be the Compensation Committee, which currently acts in this capacity, or a subcommittee of the Compensation Committee that satisfies the foregoing requirements. The Committee may delegate authority for the exercise of some of its responsibilities with respect to employees other than specified officers to a committee composed of one or more directors or a qualified senior executive officer under Florida law, or for the exercise of administrative functions to officers or managers of FPL Group or any of its subsidiaries. The chairman and chief executive officer has been delegated the authority to make certain grants under the LTIP to employees who are not executive officers, subject to review by the Committee.

Except where authority is specifically reserved to the Board under the terms of the LTIP or applicable law, the Committee has the sole discretion in exercising authority under the LTIP. The Committee has the authority to select and designate participants in the LTIP, to determine the types, form, number and terms of awards for grant to participants, to interpret the terms of the LTIP and any award thereunder, and to make all other decisions or determinations necessary or advisable for the administration of the LTIP.

The Board generally may amend, alter, suspend, discontinue or terminate the LTIP without the consent of shareholders or participants. Any such action by the Board, however, is subject to the approval of the shareholders within one year after the action if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange on which the FPL Group common stock is listed (which is currently the NYSE), or if the Board in its discretion determines that obtaining such shareholder approval is advisable for any reason.

The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate, any award granted under the LTIP, except that, without the consent of the affected participant, no such action may impair the existing rights of a participant under the award.

**Awards.** Awards under the LTIP may be made in the form of:

stock options, which may be either incentive stock options or non-qualified stock options;

stock appreciation rights, or SARs ;

restricted stock;

deferred stock, which the Company also may refer to as restricted stock units ;

dividend equivalents;

performance awards and performance-based restricted stock;

other stock-based awards, including unrestricted stock; and

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other rights or interests relating to shares of common stock or cash.

An incentive stock option is an option that meets the requirements of section 422 of the Internal Revenue Code, and a non-qualified stock option is an option that does not meet those requirements. A SAR is a right to receive upon exercise, in the form of common stock, cash or a combination of common stock and cash, the

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**Table of Contents**

excess of the fair market value of one share of common stock on the exercise date over the grant price of the SAR. Restricted stock is an award of common stock on which are imposed restrictions that subject the shares to a substantial risk of forfeiture, as defined in section 83 of the Internal Revenue Code. Deferred stock is an award that represents a conditional right to receive shares of common stock in the future and that may be made subject to the same types of restrictions and risk of forfeiture as restricted stock. Dividend equivalents are awards entitling the recipient to receive credits, which may be paid currently in cash or common stock or which may be deemed to be reinvested in additional shares, that are based on cash distributions that would have been paid on the shares specified in the rights if the shares had been issued to and held by the recipient. Performance awards and performance-based restricted stock are the equivalent of deferred stock and restricted stock, but are earned by the recipient upon the attainment of one or more pre-established performance goals determined by the Committee. Other stock-based awards authorized under the LTIP are rights that relate to or are valued by reference to shares of common stock, and may include unrestricted stock, which are awards of shares of common stock that are free of restrictions other than those imposed under federal or state securities laws.

Awards under the LTIP generally 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 LTIP, 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.

Awards may be settled in cash, common stock, other awards under the LTIP or other property. The Committee may require or permit participants to defer the distribution of all or part of an award, including payment of interest or dividend equivalents, in accordance with such terms and conditions as the Committee may establish. 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 LTIP.

At the discretion of the Committee, the Company may 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. The Company will not make, guarantee or arrange loans to any individual in violation of any applicable law, including section 402(a) of Sarbanes-Oxley, 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.

***Shares Subject to the LTIP.*** Before a two-for-one stock split effective March 15, 2005 ( *Stock Split* ), a total of 13,000,000 shares could be granted under the LTIP. This and other share numbers set forth in the text of the LTIP do not reflect an adjustment for the Stock Split. Following the Stock Split, in accordance with the adjustment provision described below, a total of approximately 25,000,000 shares could be granted under the LTIP. As of December 31, 2008, a total of approximately 7,600,000 shares were subject to outstanding awards under the LTIP and a total of approximately 6,900,000 shares remained available for issuance in connection with future awards under the LTIP. Shares issued under the LTIP may be authorized but unissued shares or shares purchased on the open market. On March 23, 2009, the last reported sale price of the common stock on the NYSE was \$50.90 per share.

If shares subject to an award are forfeited or the award is settled or terminates without a distribution of shares, the shares originally reserved with respect to such award will again be available for awards under the LTIP.

The LTIP contains a number of additional limitations on the shares available for issuance or amount of awards that may be granted. A maximum of 1,200,000 shares of common stock (or the equivalent fair market value with respect to awards valued by reference to, or otherwise based on or related to, shares of common stock) 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% of such amount, or 1,920,000 shares of common stock in the aggregate and 250,000 shares of common



## Table of Contents

stock in the case of any participant. A maximum of 3,000,000 shares of common stock may be made subject to options and stock appreciation rights in any year. No participant may receive awards covering or representing more than 25% of the maximum number of shares of common stock which may be made subject to such types of awards in any year. The foregoing limitations are subject to adjustment as described below.

**Options.** An option granted under the LTIP is exercisable only to the extent that it is vested on the date of exercise. No option may be exercisable more than ten years from the option grant date. The Committee may include in the option agreement provisions specifying the period during which an option may be exercised following termination of employment or service.

The exercise price per share under each option granted under the LTIP may not be less than 100%, or 110% in the case of an incentive stock option granted to a 10% shareholder, of the fair market value of the common stock on the option grant date, except in limited circumstances specified in the plan. For so long as the common stock remains listed on the NYSE, unless otherwise determined by the Committee, the fair market value of the common stock will be the closing sales price of a share of common stock as reported on the NYSE Composite Transaction Report or, if shares of common stock were not traded on the NYSE on such date, the closing sales price on the nearest date preceding the option grant date on which the shares of common stock were traded.

After an option is granted, the exercise price per share purchasable under the option may not be decreased, nor may any other action be taken with respect to such option that would constitute a re-pricing, as determined in accordance with generally accepted accounting principles, 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.

Payment of the option price for shares purchased pursuant to the exercise of an option may be made in such forms as are approved by the Committee. These forms may include, in the Committee's discretion, cash, shares of common stock, other awards under the LTIP, or awards issued under other plans of the Company.

Each option will become vested and exercisable at such times and under such conditions as the Committee may approve consistent with the terms of the LTIP.

In the case of incentive stock options, the aggregate fair market value of the common stock determined on the option grant date with respect to which such options are exercisable for the first time during any calendar year may not exceed \$100,000.

Incentive stock options are nontransferable during the optionee's lifetime. Awards of non-qualified stock options are generally nontransferable, except for transfers by will or the laws of descent and distribution or transfers pursuant to an authorized beneficiary designation or as otherwise determined by the Committee.

**Stock Appreciation Rights.** SARs may be granted in conjunction with all or a part of any option or other award granted under the LTIP, or without regard to any option or other award. The Committee will determine at the SAR grant date or thereafter the time or times at which and the circumstances under which a SAR may be exercised in whole or in part, the time or times at which and the circumstances under which a SAR will cease to be exercisable, the method of exercise, the method of settlement, the form of consideration payable in settlement, the method by which shares will be delivered or deemed delivered to participants, and any other terms or conditions of any SAR.

Exercisability of SARs may be subject to future service requirements, to the achievement of one or more of the performance measures described in the summary of the Amendment above or to such other terms and conditions as the Committee may impose.

Upon exercise of a SAR, the holder will be entitled to receive, in the specified form of consideration, the excess of the fair market value of one share of common stock on the exercise date over the grant price of the SAR, as determined by the Committee. The grant price of a SAR may not be less than the fair market value of a

## **Table of Contents**

share of common stock on the grant date, except in limited circumstances specified in the LTIP. The grant price of a SAR is subject to the same re-pricing restrictions as those that apply to options, as described above.

Awards of SARs are generally nontransferable, subject to the exceptions applicable to transfers of non-qualified option awards, as described above.

***Restricted Stock and Deferred Stock.*** Subject to the provisions of the LTIP, the Committee determines the terms and conditions of each award of restricted stock and deferred stock, including the restricted period for all or a portion of the award, the restrictions applicable to the award and the purchase price, if any, for the common stock subject to the award. A participant receiving restricted stock will have all the rights of a shareholder, including the right to vote the shares and receive dividends, except to the extent limited by the Committee. Dividends paid on restricted stock could be made subject to forfeiture, and to repayment to the Company, if such restricted stock is forfeited prior to vesting. Deferred stock carries no voting or dividend rights or other rights associated with stock ownership, although the Committee may award rights to receive dividend equivalents on the deferred stock.

The restrictions and the restricted period may differ with respect to each participant. An award will be subject to forfeiture if events specified by the Committee occur before the lapse of the restrictions.

Awards of restricted stock and deferred stock are generally nontransferable during the restricted period or before satisfaction of any other restrictions applicable to the awards.

***Dividend Equivalent Rights.*** The Committee is authorized to grant dividend equivalents to a participant in connection with an award under the LTIP, or without regard to any other award. Dividend equivalents will entitle the participant to receive cash or common stock equal in value to dividends paid, or other periodic payments made, with respect to a specified number of shares of common stock. Dividend equivalents may be paid or distributed when accrued or will be deemed to have been reinvested in additional common stock or in awards under the LTIP, and will be subject to such risks of forfeiture as the Committee may specify.

Dividend equivalents are generally nontransferable, except for transfers by will or the laws of descent and distribution.

***Performance Awards and Performance-Based Restricted Stock.*** The Committee may award performance awards and performance-based restricted stock in such amounts and upon such terms as the Committee may determine. The Committee may set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of performance awards or performance-based restricted stock that will be paid out to a participant. Performance awards are denominated in shares of common stock and may be payable in cash, shares of common stock, other awards under the LTIP or other property.

***Other Stock-Based Awards.*** The Committee may grant other types of equity-based or equity-related awards, including the grant or offer for sale of unrestricted shares, in such amounts and subject to such terms and conditions as the Committee may determine. Any such awards may involve the transfer of actual shares of common stock to participants, or payment in cash or otherwise of amounts based on the value of the shares of common stock. Any other stock-based awards granted by the Committee may be subject to performance goals established by the Committee in its discretion.

***Adjustment of Shares for Certain Transactions.*** The Committee will adjust outstanding awards under the LTIP in the event that any dividend or other distribution (whether in the form of cash, shares of common stock, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the shares of common stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of participants under the LTIP or for any other reason. These adjustments may include:

**Table of Contents**

adjustments to the number and kind of shares or other property which may thereafter be issued in connection with awards, to the number and kind of shares or other property issued or issuable in respect of outstanding awards, and to the exercise price, grant price or purchase price relating to any award;

the cancellation of outstanding awards in exchange for payments of cash, property or a combination of cash and property;

the substitution of other property, including other securities of the Company and securities of entities other than the Company, for the shares covered by outstanding awards; and

in connection with any spin-off or sale of any subsidiary or division of the Company, arranging for the assumption of outstanding awards or the replacement of outstanding awards with new awards based on other property, including other securities of the Company and securities of entities other than the Company.

Unless otherwise determined by the Committee in connection with the grant of an award, or unless otherwise provided in another agreement between the participant and the Company, upon the occurrence of a change of control, as defined in the LTIP:

50% of all performance awards, performance-based restricted stock and other-stock based awards not in the nature of a right that may be exercised and which are subject to performance criteria will be deemed fully earned and vested at a deemed achievement level equal to the higher of the target level of performance for such award or the average level of achievement in respect of similar performance stock-based awards which matured over the three fiscal years immediately preceding the year in which the change of control occurred, and, in addition, if the participant remains employed by the Company from the date of a change of control to the first anniversary of the change of control, or if the participant is involuntarily terminated during such time, the remaining 50% of such awards that did not vest at the time of the change of control will become vested and earned as of the earlier of the first anniversary of the change of control or the date of termination;

each share of restricted stock and other stock-based award that is not in the nature of a right that may be exercised and which is not subject to performance criteria will become fully vested and earned;

any option, SAR or other award in the nature of a right that may be exercised and which was not previously exercisable and vested will become fully exercisable and vested;

the restrictions and forfeiture conditions applicable to any other award will lapse, and such award will be deemed fully vested; and

in the event the participant's employment with the Company and its subsidiaries is terminated other than for cause (as defined in the LTIP) during the 24-month period following a change of control, any option or SAR 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 (1) the second anniversary of the date of termination (or any longer period specified in the award agreement) or (2) the expiration of the stated term of such option or SAR.

The LTIP defines a change of control to mean the first to occur of any of the following events:

subject to specified exceptions, the acquisition by any individual, entity or group of 20% or more of either the shares of FPL Group's common stock or the combined voting power of FPL Group other than directly from FPL Group or pursuant to a merger or other business combination which does not itself constitute a change of control;

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a change in the composition of the Board in which the incumbent directors cease, for any reason, to constitute a majority of the Board, 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 directors elected as a result of an actual or threatened election contest or other solicitation of proxies;

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**Table of Contents**

consummation of a reorganization, merger, consolidation or other business combination, or sale of assets of FPL Group or any subsidiary with respect to which (1) the voting securities of FPL Group outstanding immediately prior to the transaction do not, immediately after 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 (2) the incumbent directors of FPL Group, with the exceptions discussed directly above, constitute less than a majority of the members of the board of directors of the resulting ultimate parent entity; or

approval by FPL Group's shareholders of the complete liquidation or dissolution of FPL Group.

**Performance Measures.** Awards under the LTIP may be subject to the attainment of one or more pre-established, objective performance goals based on authorized performance measures. The summary of the Amendment above discusses the operation of these provisions of the LTIP and identifies the new performance measures that would be added by the Amendment.

**Resales of Shares by Participants.** Shares of common stock issued pursuant to the LTIP will be eligible for sale by participants in the public market without restriction under the Securities Act of 1933, except that any shares purchased by an affiliate of FPL Group, as that term is defined in Rule 144 under the Securities Act of 1933, will be subject to the resale limitations of Rule 144.

A participant who is an affiliate of FPL Group may sell in the public market the shares issued to the participant only in accordance with the limitations and conditions of Rule 144, other than the holding period condition. In general, Rule 144 provides that any such person (or persons whose shares are aggregated) is entitled to sell within any three-month period the number of shares that does not exceed the greater of (1) 1% of the then-outstanding shares of common stock and (2) the reported average weekly trading volume of the then-outstanding shares of common stock during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the SEC. Sales under Rule 144 by affiliates also are subject to provisions relating to the manner and notice of sale and the availability of current public information about FPL Group.

**Federal Income Tax Consequences.** The following summarizes the federal income tax consequences of awards that may be granted under the LTIP.

**Incentive Stock Options.** An option holder will not realize taxable income upon the grant of an incentive stock option under the LTIP. In addition, an option holder generally will not realize taxable income upon the exercise of an incentive stock option. An option holder's alternative minimum taxable income, however, will be increased by the amount that the aggregate fair market value of the shares underlying the option, which is generally determined as of the date of exercise, exceeds the aggregate exercise price of the option. Further, except in the case of an option holder's death or disability, if an option is exercised more than three months after the option holder's termination of employment, the option ceases to be treated as an incentive stock option and is subject to taxation under the rules applicable to non-qualified stock options, as summarized below.

If an option holder sells the option shares acquired upon exercise of an incentive stock option, the tax consequences of the disposition depend upon whether the disposition is qualifying or disqualifying. The disposition of the option shares is qualifying if it is made at least two years after the date the incentive stock option was granted and at least one year after the date the incentive stock option was exercised. If the disposition of the option shares is qualifying, any excess of the sale price of the option shares over the exercise price of the option will be treated as long-term capital gain taxable to the option holder at the time of the sale. If the disposition is a disqualifying disposition, the excess of the fair market value of the option shares on the date of disposition over the exercise price will be taxable income to the option holder at the time of the disposition. Of that income, the amount up to the excess of the fair market value of the shares at the time the option was exercised over the exercise price will be ordinary income for income tax purposes and the balance, if any, will be long- or short-term capital gain, depending upon whether or not the shares were sold more than one year after the option was exercised.

## **Table of Contents**

Unless an option holder engages in a disqualifying disposition, FPL Group will not be entitled to a deduction with respect to an incentive stock option. If an option holder engages in a disqualifying disposition, FPL Group will be entitled to a deduction equal to the amount of compensation income taxable to the option holder.

If an option holder pays the exercise price of an incentive stock option by tendering shares with a fair market value equal to part or all of the exercise price, the exchange of shares will be treated as a nontaxable exchange, except that this treatment would not apply if the option holder acquired the shares being transferred pursuant to the exercise of an incentive stock option and had not satisfied the special holding period requirements summarized above. The tax basis of the shares tendered to pay the exercise price will be treated as the substituted tax basis for an equivalent number of shares received, and the new shares will be treated as having been held for the same holding period as the holding period that had expired with respect to the transferred shares.

*Non-Qualified Stock Options.* An option holder will not realize taxable income upon the grant of a non-qualified stock option. When an option holder exercises the option, however, the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise will constitute compensation income taxable to the option holder. FPL Group will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if FPL Group complies with applicable reporting requirements and section 162(m).

If an option holder tenders shares in payment of part or all of the exercise price of a non-qualified stock option, no gain or loss will be recognized with respect to the shares tendered, even if the shares were acquired pursuant to the exercise of an incentive stock option, and the option holder will be treated as receiving an equivalent number of shares pursuant to the exercise of the option in a nontaxable exchange. The tax basis of the shares tendered will be treated as the substituted tax basis for an equivalent number of shares received, and the new shares will be treated as having been held for the same holding period as the holding period that expired with respect to the transferred shares. The difference between the aggregate exercise price and the aggregate fair market value of the shares received pursuant to the exercise of the option will be taxed as ordinary income, just as if the option holder had paid the exercise price in cash.

*Stock Appreciation Rights.* The grant of SARs will not result in taxable income to the participant or a deduction to FPL Group. Upon exercise of a SAR, the participant will recognize ordinary income, and FPL Group will have a corresponding deduction in an amount equal to the cash or the fair market value of the common stock received by the participant. FPL Group will be entitled to a deduction equal to the amount of any compensation income taxable to the participant, subject to section 162(m).

*Restricted Stock and Performance-Based Restricted Stock.* A grantee of restricted stock or performance-based restricted stock will not recognize any taxable income for federal income tax purposes in the year of the award if the common stock is subject to restrictions (that is, the restricted stock is nontransferable and subject to a substantial risk of forfeiture). The grantee, however, may elect under section 83(b) of the Internal Revenue Code to recognize compensation income in the year of the award in an amount equal to the fair market value of the shares on the date of the award, determined without regard to the restrictions. If the grantee does not make such a section 83(b) election, the fair market value of the shares on the date the restrictions lapse will be treated as compensation income to the grantee and will be taxable in the year the restrictions lapse. FPL Group generally will be entitled to a deduction for compensation paid equal to the amount treated as compensation income to the grantee in the year the grantee is taxed on the income, subject to section 162(m).

*Dividend Equivalents.* Participants who receive dividend equivalents will be required to recognize ordinary income in the amount distributed to the grantee pursuant to the award. If FPL Group complies with applicable reporting requirements and with the restrictions of section 162(m), it will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Table of Contents**

*Deferred Stock Awards and Performance Awards.* A distribution of common stock or a payment of cash in satisfaction of a deferred stock award or a performance award will be taxable as ordinary income when actually or constructively received by the recipient. The amount taxable as ordinary income is the aggregate fair market value of the common stock determined as of the date it is received or, in the case of a cash award, the amount of the cash payment. FPL Group is entitled to deduct the amount of such payments when such payments are taxable as compensation to the recipient, subject to section 162(m).

*Unrestricted Shares.* A holder of unrestricted shares will be required to recognize ordinary income in an amount equal to the fair market value of the shares on the date of the award, reduced by the amount, if any, paid for such shares. FPL Group will be entitled to deduct the amount of the compensation, subject to section 162(m).

Upon the holder's disposition of unrestricted shares, any gain realized in excess of the amount reported as ordinary income will be reportable by the holder as a capital gain, and any loss will be reportable as a capital loss. Capital gain or loss will be long-term if the holder has held the shares for at least one year. Otherwise, the capital gain or loss will be short-term.

*Tax Withholding.* Payment of the taxes imposed on awards made under the LTIP may be made by withholding from payments otherwise due and owing to the holder.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE MATERIAL TERMS UNDER THE FPL GROUP, INC. AMENDED AND RESTATED LONG TERM INCENTIVE PLAN FOR PAYMENT OF PERFORMANCE-BASED COMPENSATION AS REQUIRED BY INTERNAL REVENUE CODE SECTION 162(m).**

**Table of Contents****Securities Authorized For Issuance Under Equity Compensation Plans**

FPL Group's equity compensation plan information as of December 31, 2008 is as follows:

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)</b>
Equity compensation plans approved by security holders	7,624,813(1)	\$ 33.71(2)	7,363,252
Equity compensation plans not approved by security holders(3)	2,523	\$ 27.11	
<b>Total</b>	<b>7,627,336</b>	<b>\$ 33.71(2)</b>	<b>7,363,252</b>

(1) Represents outstanding options, nonvested performance share awards (at maximum payout), deferred vested performance shares and shares deferred by directors under the FPL Group, Inc. 2007 Non-Employee Directors Stock Plan and the FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan at December 31, 2008.

(2) Relates to outstanding options only.

(3) Represents options granted by Gexa Corp. under its Amended and Restated 2004 Incentive Plan and pursuant to various individual grants, all of which were made prior to the acquisition of Gexa Corp. All such options were assumed by FPL Group in connection with the acquisition of Gexa Corp. and are fully vested and exercisable for shares of FPL Group common stock. No further grants of stock options will be made under this plan.

**INFORMATION ABOUT FPL GROUP AND MANAGEMENT****Common Stock Ownership of Certain Beneficial Owners and Management**

The following table indicates how much FPL Group common stock is beneficially owned by the only person known by the Company to own more than 5% of the Company's common stock.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class(a)</b>
Fidelity Management Trust Company 82 Devonshire Street Boston, Massachusetts 02109	21,175,238(b)	5.2%

(a) As of March 2, 2009.

(b) Shares held as Trustee under the Florida Power & Light Company Master Trust for the Retirement Savings Plans of FPL Group and its affiliates as of March 2, 2009, as reported by the Trustee. The Trustee disclaims beneficial ownership of, and has no dispositive power with respect to, such shares. 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.





**Table of Contents**

The following table shows the number of shares of FPL Group common stock beneficially owned as of March 2, 2009 by each of FPL Group's directors (all of whom are nominees for director) and each named executive officer listed in the Summary Compensation Table, as well as the number of shares beneficially owned by all of FPL Group's directors and executive officers as a group. As of March 2, 2009, each individual beneficially owns less than 1%, and all directors and executive officers as a group own 1.1%, of FPL Group common stock. No shares are pledged as security. The table also includes information about stock options and phantom or deferred shares credited to the accounts of FPL Group's directors and executive officers under various compensation and benefit plans.

Name	Common Stock Beneficially Owned Shares Which May Be			Phantom/Deferred Shares(4)
	Shares Owned(1)	Acquired Within 60 Days(2)	Total Shares Beneficially Owned(3)	
Sherry S. Barrat	17,420	2,000	19,420	17,526
Robert M. Beall, II	24,020		24,020	5,926
J. Hyatt Brown	47,020		47,020	8,190
James L. Camaren	18,320		18,320	5,219
Moray P. Dewhurst(6)	148,153	437,688	585,841	
J. Brian Ferguson	4,500	3,520	8,020	1,087
Lewis Hay, III	463,162	1,106,885	1,570,047	229,348
Toni Jennings	5,620		5,620	
Oliver D. Kingsley, Jr.	900	3,520	4,420	127
Armando Pimentel, Jr.	21,691	5,814	27,505	204
Armando J. Olivera	162,913	445,515	608,428	32,456
James L. Robo	141,886	506,622	648,508	60,525
Rudy E. Schupp	8,420		8,420	
John A. Stall	132,385	239,668	372,053	12,727
Michael H. Thaman	11,420		11,420	
Hansel E. Tookes, II	1,698(5)	7,620	9,318(5)	
Paul R. Tregurtha	13,400	9,620	23,020	9,526
All directors and executive officers as a group (25 persons)	1,501,641	3,166,994	4,668,635	414,718

- (1) Includes shares of restricted stock for Messrs. Hay (111,005), Olivera (27,057), Pimentel (14,991), Robo (38,776) and Stall (35,949), as well as for Mrs. Barrat (15,420), Ms. Jennings (5,620), and Messrs. Beall (17,020), Brown (17,020), Camaren (12,820), Ferguson (4,500), Kingsley (400), Schupp (8,020), Thaman (11,420), Tookes (400) and Tregurtha (7,400) and a total of 439,422 shares of restricted stock for all directors and executive officers as a group. The holders of such shares of restricted stock have voting power, but not dispositive power.
- (2) Includes, for executive officers, shares which may be acquired within sixty days upon the exercise of stock options and, for directors, common stock, the receipt of which has been deferred under the FPL Group, Inc. Deferred Compensation Plan, amended and restated effective January 1, 2003 (the "Frozen Deferred Compensation Plan") or the FPL Group, Inc. Deferred Compensation Plan effective January 1, 2005 (the "Successor Deferred Compensation Plan") until termination of service as a Board member. The Frozen Deferred Compensation Plan and the Successor Deferred Compensation Plan are collectively referred to as the "Deferred Compensation Plan." Also includes, for Mr. Stall (16,058) and all executive officers as a group (21,008), shares of common stock, the receipt of which has been deferred under the Deferred Compensation Plan until the first day of the first month after termination of service.
- (3) Represents the total of shares listed under the columns "Shares Owned" and "Shares Which May Be Acquired Within 60 Days." Under SEC rules, beneficial ownership as of any date includes any shares as to which a person, directly or indirectly, has or shares voting power or investment power and also any shares as to which a person has the right to acquire such voting or investment power as of or within 60 days after such date through the exercise of any stock option or other right.
- (4) Includes phantom shares under the FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (the "Frozen SERP"), and the FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (the "Restated SERP"). The Frozen SERP and the Restated SERP are collectively referred to as the "SERP." Also includes



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## **Table of Contents**

phantom shares granted to certain directors in connection with the termination in 1996 of the Company's non-employee director retirement plan, all of which are payable in cash, as well as, for Mr. Hay (203,655), Mr. Olivera (23,178) and Mr. Stall (7,618), and all directors and executive officers as a group (253,589), shares of common stock, the receipt of which has been deferred under the Deferred Compensation Plan until at least six months after termination of service, as to which they have neither voting nor dispositive power. Also includes, for Mr. Robo, 52,188 shares held by the trustee of a grantor trust pursuant to a deferred stock grant made under the LTIP, as to which such officer has neither voting nor dispositive power.

(5) Includes 298 shares owned by Mr. Tookes' wife, as to which Mr. Tookes disclaims beneficial ownership.

(6) Mr. Dewhurst retired from the Company on May 30, 2008.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

The Company'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 SEC. Based upon a review of these filings and written representations from the directors and executive officers, all required filings were timely made in 2008.

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

### **Corporate Governance Principles & Guidelines/Code of Ethics**

FPL Group has had formal corporate governance standards in place since 1994. The Company's management has reviewed internally and with the Board the corporate governance provisions of applicable laws, SEC rules and the listing standards of the NYSE, and the Company has determined that it is in compliance with those laws, rules and listing standards. The Governance & Nominating Committee is responsible for reviewing the FPL Group, Inc. Corporate Governance Principles & Guidelines ( Corporate Governance Principles & Guidelines ) and reporting and making recommendations to the Board concerning corporate governance matters. FPL Group has adopted a Code of Ethics for Senior Executive and Financial Officers which applies to FPL Group's chief executive officer, chief financial officer, treasurer, chief tax officer, chief operating officers (including the Presidents of Florida Power & Light, NextEra Energy Resources, LLC ( NextEra Energy Resources ) and FPL FiberNet, LLC), general counsel, chief accounting officer and comptroller, as well as a Code of Business Conduct & Ethics applicable to all representatives of FPL Group and its subsidiaries, including directors, officers and employees. The Corporate Governance Principles & Guidelines, Code of Ethics for Senior Executive and Financial Officers and Code of Business Conduct & Ethics are available in the Governance section of the Company's website at [www.fplgroup.com/governance/contents/fplgroup\\_governance.shtml](http://www.fplgroup.com/governance/contents/fplgroup_governance.shtml). Any amendments or waivers of the Code of Ethics for Senior Executive and Financial Officers which are required to be disclosed to shareholders will be disclosed on the FPL Group website at the address listed above. Printed copies of these documents are available without charge by writing to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

### **Director Resignation Policy**

As noted above, directors are elected by majority vote of the shares represented at the meeting and entitled to vote. In February 2007, the Board adopted a Policy on Failure of Nominee Director(s) to Receive a Majority Vote ( Director Resignation Policy ), the effect of which is to require that (1) in any contested director election, any incumbent director who is not elected by the required vote and who would not have been elected had the voting standard for the election been a plurality of the votes cast, shall offer to resign and the Board, absent a compelling reason not to do so, shall accept the offer and shall fill the resulting vacancy by appointing as a director the non-incumbent nominee who would have been elected had the voting standard for the election been a plurality of the votes cast and (2) in any other director election, any incumbent director who is not elected by the required vote shall offer to resign, and the Board shall determine whether or not to accept the resignation within ninety days of the certification of the shareholder vote. In effect, the Director Resignation Policy operates as a carve-out from, or exception to, the Company's majority vote standard in a situation where a full Board is not

## Table of Contents

elected by the required vote in a contested election, and generally applies a plurality vote standard in that situation. The Company shall report the action taken by the Board under the Director Resignation Policy in a publicly-available forum or document.

### **Director Independence**

The Board of Directors conducts an annual review regarding the independence of each of its members from management of the Company under the criteria set forth in the NYSE corporate governance independence standards (the "NYSE standards"), which are the applicable standards under SEC rules, as well as under the standards set forth in the Corporate Governance Principles & Guidelines. A copy of the Corporate Governance Principles & Guidelines is available in the Governance section of the Company's website at [www.fplgroup.com/governance/contents/fplgroup\\_governance.shtml](http://www.fplgroup.com/governance/contents/fplgroup_governance.shtml). The NYSE standards and the Corporate Governance Principles & Guidelines require that FPL Group have a majority of independent directors and that the Board of Directors make a determination as to independence, and set out certain independence criteria. The NYSE standards and the Corporate Governance Principles & Guidelines also require that each of the Compensation Committee, Governance & Nominating Committee and Audit Committee consist entirely of independent directors. The NYSE standards and Rule 10A-3 of the Exchange Act include additional independence requirements for Audit Committee members, which are separately assessed by the Audit Committee prior to being assessed by the Board.

As part of its independence assessment, the Board considered whether any non-employee director or member of his or her immediate family has a material relationship with the Company that would impair the director's independence. To assist the Board in making this determination, the Corporate Governance Principles & Guidelines sets forth the following categories of relationships that, except in special circumstances, as determined by a majority of the independent members of the Board, will not be considered to be material relationships that would impair a director's independence:

- 1) The Company or any of its consolidated subsidiaries has made or received payments for property or services to or from any entity of which either (a) the director is an officer or employee or in which the director is a partner or has an ownership interest of 10% or more of the outstanding voting securities or other voting interests or (b) the director's immediate family member is an executive officer, if such payments in the last fiscal year were less than the greater of \$1 million or 2% of such other entity's consolidated gross revenues for its last fiscal year and such property or services were provided or received in the ordinary course of business of each of the parties.
- 2) The Company or any of its consolidated subsidiaries has a borrowing relationship with a bank or other financial institution of which the director is an officer, employee or director, or the director's immediate family member is an executive officer, if the total amount of indebtedness does not exceed 1% of the total assets of the financial institution for the last fiscal year.

For purposes of the foregoing discussion, an "immediate family member" is defined as a spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares the director's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

Based on its review, the NYSE standards and the categorical standards, in February 2009 the Board determined that Sherry S. Barrat, Robert M. Beall, II, J. Hyatt Brown, James L. Camaren, J. Brian Ferguson, Toni Jennings, Oliver D. Kingsley, Jr., Rudy E. Schupp, Michael H. Thaman, Hansel E. Tookes, II and Paul R. Tregurtha, being all of the non-employee directors, are independent under applicable laws, the NYSE standards and the Corporate Governance Principles & Guidelines. In determining that Mrs. Barrat is independent, the Board considered that an FPL Group subsidiary obtains certain services in the ordinary course of business from Northern Trust, where Mrs. Barrat is an officer, for which such subsidiary pays an aggregate amount which is well below the threshold set forth in the first categorical standard, above.

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## **Table of Contents**

### **Director Meetings and Attendance**

The Board and its committees meet on a regular schedule and also hold special meetings from time to time as deemed necessary and appropriate. The Board met 7 times in 2008. Each director attended at least 75% of the total number of Board meetings and meetings of the committees on which he or she served.

Absent circumstances that cause a director to be unable to attend the Board meeting held in conjunction with the annual shareholders' meeting, Board members are required to attend the annual shareholders' meeting. All of the directors attended the 2008 annual meeting of shareholders.

### **Executive Sessions of Non-Management Directors**

Executive sessions of non-management directors are provided for in the agenda for each regularly-scheduled Board meeting. The sessions are scheduled and chaired by a Presiding Director, who is currently Rudy E. Schupp, the Chair of the Finance & Investment Committee. In accordance with an amendment to the Corporate Governance Principles & Guidelines effective in December 2008, the Presiding Director position rotates biennially, except as unusual circumstances may warrant and generally on a calendar year basis, among the non-management Chairs of the Audit, Compensation, Finance & Investment and Governance & Nominating Committees, in alphabetical committee order; provided that no member of the Board will serve as Presiding Director for more than one biennial term on a consecutive basis.

### **Committees**

The standing committees of the Board are the Audit Committee, the Compensation Committee, the Governance & Nominating Committee, the Finance & Investment Committee, the Nuclear Committee and the Executive Committee. The membership during 2008, current membership and functions of these committees are described below. Each of the committees operates under a charter approved by the Board. The charter of each of the Audit Committee, the Compensation Committee and the Governance & Nominating Committee complies with the NYSE corporate governance requirements. There are no NYSE requirements for the charters of the Finance & Investment Committee, the Nuclear Committee or the Executive Committee. Each of the committees is permitted by its charter to act through subcommittees, and references in this proxy statement to any of those committees include any such subcommittees. Current copies of the charters of the committees are available on the Company's website in the Governance section at [www.fplgroup.com](http://www.fplgroup.com), and printed copies are available without charge by writing to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

#### ***Audit Committee***

FPL Group has an Audit Committee established in accordance with applicable provisions of the Exchange Act and the NYSE standards. The Audit Committee is currently comprised of Ms. Jennings and Messrs. Thaman (Chair), Brown, Kingsley and Schupp. Mr. Beall served on the committee until May 2008 and Mr. Kingsley joined the committee in May 2008. The Audit Committee met 9 times in 2008, including meeting regularly with Deloitte & Touche LLP, the Company's independent registered public accounting firm, and the internal auditors, both privately and in the presence of management. The Audit Committee has the authority to appoint or replace the Company's independent registered public accounting firm and approves all permitted services to be performed by the independent registered public accounting firm. The Audit Committee assists the Board in monitoring the integrity of the financial statements, compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the independence and performance of the Company's internal audit function and independent registered public accounting firm and the system of disclosure controls and internal controls. The Audit Committee is responsible for establishing procedures for (1) the receipt, retention and treatment of complaints, questions and other information received by the Company regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing

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## **Table of Contents**

matters. A more detailed description of the Audit Committee's duties and responsibilities is contained in the Audit Committee Charter, a copy of which is available in the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/audit\\_committee.shtml](http://www.fplgroup.com/governance/contents/audit_committee.shtml). A printed copy is also available to shareholders free of charge upon written request to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

The Board has determined that each member of the Audit Committee satisfies the financial literacy standard of the NYSE and that each of Rudy E. Schupp and Michael H. Thaman is an audit committee financial expert as that term is defined by applicable SEC regulations. In addition, the Board has determined that each member of the Audit Committee, including each of the audit committee financial experts, is independent under the criteria established by applicable laws, the NYSE standards, Rule 10A-3 of the Exchange Act and the Corporate Governance Principles & Guidelines.

The Audit Committee Report begins at page 34.

### ***Compensation Committee***

The Compensation Committee is currently comprised of Mrs. Barrat (Chair), Ms. Jennings and Messrs. Beall, Camaren, Ferguson and Tregurtha. Ms. Jennings and Mr. Beall joined the committee in May 2008. The Compensation Committee met 5 times in 2008. The Board has determined that each member of the committee is independent under the NYSE standards and the Corporate Governance Principles & Guidelines.

#### ***Compensation Committee Authority***

The Compensation Committee has the authority to review and approve corporate goals and objectives relevant to the compensation of the chief executive officer ( CEO ) and other executive officers, evaluate the performance of the chief executive officer in light of those goals and objectives, approve the compensation of the chief executive officer and other executive officers, approve any employment agreements, special supplemental benefits and severance arrangements for the chief executive officer and other executive officers, and make recommendations to the Board with respect to the compensation of certain other officers and the directors. Additional responsibilities include overseeing the preparation of the Compensation Discussion & Analysis section and preparing the annual Compensation Committee Report for inclusion in the Company's proxy statement, making recommendations to the Board with respect to incentive compensation plans and other equity-based plans, administering the Company's annual and long term incentive plans and non-employee directors stock plan, and retaining, and approving the terms of retaining, any outside compensation consultants engaged by the committee to assist in the evaluation of director, chief executive officer and other senior officer compensation. A more detailed description of the Compensation Committee's authorities, duties and responsibilities is in the Compensation Committee Charter, a copy of which is available in the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/compensation\\_committee.shtml](http://www.fplgroup.com/governance/contents/compensation_committee.shtml). A printed copy is also available to shareholders free of charge upon written request at FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

As permitted under the terms of the LTIP, the Board has delegated to the chairman and chief executive officer the authority to make grants under the LTIP to employees who are not executive officers. The Compensation Committee has the authority to review these awards. In addition, the Compensation Committee has delegated to the chief executive officer and the most senior human resources officer its authority to identify participants in the Annual Incentive Plan other than executive officers and establish the terms and conditions pursuant to which incentive compensation for 2008 was, and for 2009 may be, payable to such other participants. The Compensation Committee has not delegated any other authority granted to it.

#### ***Compensation Committee Agenda and Processes; Role of External Consultants and Executive Officers***

The Compensation Committee plans its agendas to ensure a thorough and thoughtful decision process. Typically, information regarding strategic decisions is presented to the Compensation Committee at one meeting

## **Table of Contents**

and the committee makes its decision at a subsequent meeting. This allows time for any follow-up to questions from Compensation Committee members in advance of the final decision. Additional agenda items are included as necessary to address current issues.

The Compensation Committee has engaged outside consultants from Watson Wyatt Worldwide ( Watson Wyatt ) to provide advice and counsel to the Committee in accordance with the Committee's instructions from time to time. All materials provided to the members of the committee also are provided to the outside consultants in advance of each committee meeting, and in 2008 the outside consultants participated in all committee meetings. Watson Wyatt also provides certain technical valuation services relating to executive compensation to the committee (including certain valuations used in the preparation of the compensation tables in this proxy statement), and in 2008 the Company purchased general (non-executive) compensation surveys from an affiliate of Watson Wyatt for approximately \$4,750.

Watson Wyatt annually provides the Company and the Compensation Committee with analysis and advice on items such as pay competitiveness (including review of and advice on the composition of the Company's peer group) and executive compensation program plan design. In addition, using competitive data primarily compiled by human resources personnel, as well as its own evaluation and review of market trends, Watson Wyatt annually discusses with the Compensation Committee its recommendations with respect to non-employee director compensation, which is ultimately determined by the Board of Directors. Watson Wyatt also periodically analyzes the Company's stock plan usage, dilution and other issues with respect to stock plan economics. In addition, the consultants monitor current and emerging market trends and report to the Compensation Committee on such trends and their impact on Company compensation practices. Watson Wyatt has also reviewed the *Compensation Discussion & Analysis* section of this proxy statement.

In providing these services, Watson Wyatt reports to and is directed by the Compensation Committee. Watson Wyatt also cooperates with the Company's human resources personnel and appropriate executive officers in the performance of its services, including assisting them in the development of executive compensation programs for consideration by the Compensation Committee. Unless otherwise directed by the Compensation Committee, Watson Wyatt may share with appropriate human resources personnel and executive officers information regarding trends, comparative analysis and other matters relating to executive compensation in general or the Company's programs in particular.

During 2008, the Company's chief executive officer and most senior human resources officer attended all meetings of the Compensation Committee, and the Company's chief financial officer attended one such meeting. The committee generally has an executive session at the end of each of its meetings, during which no executive officers are present and during which the committee evaluates the performance of the chief executive officer, discusses and approves the chief executive officer's compensation, meets with Watson Wyatt and discusses and considers such other matters as it deems appropriate.

The chief executive officer provides the Compensation Committee with (1) recommendations on the total compensation opportunities for all executive officers other than himself, (2) input with respect to the individual performance of the other executive officers in connection with the committee's determination of amounts paid under the Annual Incentive Plan, (3) input with respect to the composition of the Company's peer group used for competitive comparisons and (4) input on the matrix used to assess the Company's financial performance under the Annual Incentive Plan for 2008. In advance of each year, the chief executive officer, in collaboration with the Company's chief operating officer and the subsidiary presidents, provides recommended Annual Incentive Plan operating performance indicators to the Compensation Committee for its consideration. In addition, the Executive Compensation Review Board ( ECRB ), whose members are Messrs. Hay, Pimentel, Robo, Olivera, the president of NextEra Energy Resources and the executive vice president, human resources, annually performs the initial review of the Company's (including its subsidiaries') performance compared to the Annual Incentive Plan operating performance targets, including whether targets have been achieved, exceeded or missed, and makes recommendations based on this review to the Compensation Committee for consideration and appropriate



## **Table of Contents**

action. In 2008, the chief executive officer also provided the committee with his recommendations regarding the amendment of the Annual Incentive Plan to provide for payments thereunder in either shares of the Company's common stock or cash, and recommended that one-half of each executive's annual incentive be paid in the Company's common stock.

FPL Group's executive compensation program for 2008, as well as its compensation program for non-employee directors, were considered and acted upon by the Compensation Committee at meetings held over a 16-month period, as follows:

**October 2007:** Reviewed and approved peer group to be used for competitive comparisons for 2008 executive compensation; reviewed and discussed proposed 2008 total target direct compensation opportunity for executive officers other than the chief executive officer; reviewed and evaluated non-employee director compensation and recommended to the Board that the annual retainer and committee chair fees be increased for 2008.

**November 2007:** In executive session, conducted initial review and consideration of 2008 total target direct compensation opportunity and pay mix for the chief executive officer; reviewed and discussed with the compensation consultants the proposed 2008 performance metrics under the proposed Annual Incentive Plan.

**December 2007:** Reviewed and recommended to the Board for approval the Annual Incentive Plan (which was approved by shareholders at the 2008 annual meeting); reviewed and approved certain annually variable aspects of the Annual Incentive Plan for 2008; reviewed and approved the Company's adjusted earnings target, financial performance matrix and operational performance targets for the Annual Incentive Plan for 2008; discussed and approved the chief executive officer's and the other executive officers' 2008 total compensation opportunity and 2008 base salary; discussed proposed mid-February 2008 grants of equity compensation to executive officers.

**February 2008:** Granted 2008 equity compensation to executive officers and approved grant of common stock to directors as part of 2008 director compensation.

**December 2008:** Held a special meeting in early December to review and discuss the effect of the volatile economic environment on the Company's compensation practices and on the executive compensation programs and practices of peer companies, with particular emphasis on equity grant practices. At the regular December meeting, reviewed and recommended to the Board for approval an amendment to the Annual Incentive Plan to permit all or a portion of payouts thereunder to be made in cash or in shares of the Company's common stock (to be granted under the LTIP).

**February 2009:** Evaluated corporate performance for 2008 in light of the corporate goals and performance targets, certified that applicable performance targets had been achieved and determined annual incentive compensation amounts for executive officers, as well as the number of performance shares payable for the three-year performance period ended December 31, 2008. Determined to pay annual incentive compensation 50% in cash and 50% in shares of the Company's common stock in the form of grants under the LTIP.

The Compensation Committee Report is on page 59.

## ***Governance & Nominating Committee***

The Governance & Nominating Committee is currently comprised (and was comprised throughout 2008) of Messrs. Beall, Brown, Ferguson, Tookes and Tregurtha (Chair). The Governance & Nominating Committee met 5 times in 2008. The Board has determined that each member of the committee is independent under the NYSE standards and the Corporate Governance Principles & Guidelines. The committee is responsible for reviewing the size and composition of the Board, identifying and evaluating potential nominees for election to the Board consistent with criteria developed by the committee and approved by the Board, and recommending candidates

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## **Table of Contents**

for all directorships to be filled by the shareholders or, subject to the Director Resignation Policy discussed above, the Board. The committee will consider potential nominees recommended by any shareholder entitled to vote in elections of directors, as discussed below under

Consideration of Director Nominees. In addition, the committee is responsible for monitoring and overseeing the Corporate Governance Principles & Guidelines, the Director Resignation Policy, the Related Person Transactions Policy, the Code of Business Conduct & Ethics and the Code of Ethics for Senior Executive and Financial Officers, and recommending any proposed changes to the Board, conducting an annual self-evaluation, and overseeing the evaluation of the Board, the Audit, Compensation, Finance & Investment and Nuclear Committees and management. The Governance & Nominating Committee is also responsible for retaining, and approving the terms of retaining, any search firm engaged to identify director candidates.

A more detailed description of the Governance & Nominating Committee's duties and responsibilities is contained in the Governance & Nominating Committee Charter, a copy of which is available on the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/governance\\_committee.shtml](http://www.fplgroup.com/governance/contents/governance_committee.shtml). A printed copy is also available to shareholders free of charge upon written request to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

### ***Finance & Investment Committee***

The Finance & Investment Committee is currently comprised of Mrs. Barrat and Messrs. Camaren, Schupp (Chair) and Tookes. Mr. Tregurtha was a member of the committee until May 2008. The Finance & Investment Committee met 5 times in 2008. The committee's functions include reviewing and monitoring the Company's financing plans, reviewing and making recommendations to the Board regarding the Company's dividend policy, reviewing the Company's energy trading, marketing and risk management activities and exposure, reviewing certain proposed capital expenditures and reviewing the performance of the Company's pension and other trust funds.

A more detailed description of the Finance & Investment Committee's duties and responsibilities is contained in the Finance & Investment Committee Charter, a copy of which is available on the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/finance\\_committee.shtml](http://www.fplgroup.com/governance/contents/finance_committee.shtml). A printed copy is also available to shareholders free of charge upon written request to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

### ***Nuclear Committee***

Mr. Kingsley is the sole member of the Nuclear Committee, which meets with senior members of the Company's nuclear division. The Nuclear Committee met 6 times in 2008. The committee's purpose is to review the operation of the Company's nuclear division and make reports and recommendations to the Board with respect thereto.

A more detailed description of the Nuclear Committee's duties is contained in the Nuclear Committee Charter, a copy of which is available on the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/nuclear\\_committee.shtml](http://www.fplgroup.com/governance/contents/nuclear_committee.shtml). A printed copy is also available to shareholders free of charge upon written request to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

### ***Executive Committee***

The Executive Committee is currently comprised of Mrs. Barrat and Messrs. Hay (Chair), Schupp, Thaman and Tregurtha. The Executive Committee met once in 2008. The committee's function is to provide an efficient means of considering such matters and taking such actions as may require the attention of the Board or the exercise of the Board's powers or authorities when the Board is not in session.

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## **Table of Contents**

A more detailed description of the Executive Committee's duties and responsibilities is contained in the Executive Committee Charter, a copy of which is available on the Governance section of FPL Group's website at [www.fplgroup.com/governance/contents/executive\\_committee.shtml](http://www.fplgroup.com/governance/contents/executive_committee.shtml). A printed copy is also available to shareholders free of charge upon written request to FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, Attention: Investor Relations.

### **Consideration of Director Nominees**

#### ***Shareholder Nominees***

The policy of the Governance & Nominating Committee is to consider properly submitted shareholder nominations of candidates for membership on the Board. See also *Identifying and Evaluating Nominees for Directors*. In evaluating nominations, the Governance & Nominating Committee seeks to achieve a balance of knowledge, experience and capability and to address the membership criteria set forth below under Director Qualifications. Any shareholder nominations proposed for consideration by the Governance & Nominating Committee should include the nominee's name and qualifications for Board membership and should be addressed to: Corporate Secretary, FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420. There are separate requirements under regulations of the SEC and under FPL Group's Bylaws relating to shareholder nominations of persons for election to the Board at a meeting of shareholders. A copy of FPL Group's Bylaws is available on the Governance section of FPL Group's website at [www.fplgroup.com/governance/pdf/bylaws.pdf](http://www.fplgroup.com/governance/pdf/bylaws.pdf). A shareholder who nominates a director candidate must be a shareholder of record on the date he or she gives the nomination notice to FPL Group. The advance notice procedure in FPL Group's Bylaws requires that a shareholder's notice must be given timely and in proper written form to the Corporate Secretary. For nominations at annual meetings to be timely, notice must be delivered in person or by facsimile, or sent by U.S. certified mail and received, at FPL Group's principal executive offices not earlier than the opening of business 120 days and not later than the close of business 90 days prior to the anniversary date of the immediately preceding annual meeting. If the date of the annual meeting is more than 30 days earlier, or 60 days later, than such anniversary date, similar timeliness requirements, based on the date of the meeting, apply. Similar requirements apply in order for shareholder nominations at special meetings at which the Board has determined directors are to be elected to be timely. To be in proper written form, the notice must include, among other things:

information on the shareholder giving notice and the beneficial owner, if any, on whose behalf the nomination is made;

information about all direct and indirect holdings or other interests of the shareholder giving notice and the beneficial owner, if any, in the Company's securities; and

information regarding the nominee, including, among other things:

information required by the proxy rules of the SEC and the rules of the NYSE; and

information about all direct and indirect compensation and material relationships between the shareholder giving notice and the beneficial owner, if any, on whose behalf the nomination is made and their respective affiliates and others acting in concert, on the one hand, and the proposed nominee, his affiliates and those acting in concert with him, on the other.

The notice must be accompanied by:

a written consent of the proposed nominee consenting to being named as a nominee and to serving as a director if elected; and

a completed questionnaire with respect to the background and qualifications of the nominee, and a written representation and agreement to the effect that:

the nominee is not and will not become a party to any undisclosed voting commitment;

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**Table of Contents**

the nominee is not and will not become a party to any undisclosed agreement other than with the Company with respect to compensation, reimbursement or indemnification; and

the nominee, if elected, will comply with all applicable laws and the publicly-disclosed corporate governance, business conduct, ethics, conflict of interest, corporate opportunities, confidentiality and stock ownership and trading policies of the Company.

Forms of the questionnaire and written representation and agreement are available upon written request to the Corporate Secretary. See also *Shareholder Proposals*.

***Director Qualifications***

The Corporate Governance Principles & Guidelines contain Board membership criteria that are considered by the Governance & Nominating Committee in recommending non-employee nominees for a position on the Board. Under these criteria, members of the Board should have demonstrated: character and integrity; an inquiring mind; experience at a strategy and/or policy setting level, or high-level managerial experience in a relatively complex business, government or other organization, or have other similar and relevant experience in dealing with complex problems; an ability to work effectively with others; sufficient time to devote to the Company's affairs; and an ability to represent the balanced interests of the Company's shareholders as a whole, rather than special constituencies. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties, and no Company director may serve simultaneously as a director of more than six public companies. Additional criteria include whether an individual assists in achieving a mix of directors that represents a diversity of background and experience, including age, gender, race and specialized experience; whether an individual is nearing or has reached retirement age; the individual's independence as described in applicable listing standards, legislation and regulations; whether the individual would be considered an audit committee financial expert or financially literate as described in applicable listing standards, legislation, regulations or Audit Committee guidelines; the extent of the individual's business experience, technical expertise, or specialized skills or experience; and whether the individual, by virtue of particular experience relevant to FPL Group's current or future business, will add specific value as a Board member. No person will be considered for Board membership who is an employee or director of a business in significant competition with the Company or of a major or potentially major customer, supplier, contractor, counselor or consultant of the Company, or an executive officer of a business where a Company employee-director serves on such other business board.

Generally no person who shall have attained the age of 72 years by the date of election shall be eligible for election as a director. However, the Board may, by unanimous action (excluding the affected director), extend a director's eligibility for one or two additional years, in which event such a director will not be eligible for election as a director if he or she has attained the age of 73 or 74 by the date of election. In February 2008, the Board acted under this authority to extend Mr. Tregurtha's eligibility for election as a director until the date of election next following his 74<sup>th</sup> birthday.

***Identifying and Evaluating Nominees for Directors***

The Governance & Nominating Committee uses a variety of methods for identifying and evaluating nominees for director. The committee periodically assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, the committee considers various potential candidates for director if deemed appropriate, subject to the Director Resignation Policy in the case of contested elections. Candidates may come to the attention of the committee through current Board members, professional search firms, shareholders or other persons. Candidates are evaluated at regular or special meetings of the committee, and may be considered at any point during the year. As described above, the committee considers properly submitted shareholder nominations for candidates for the Board. Following verification of the shareholder status of persons proposing candidates, recommendations are aggregated and considered by the committee at a regularly scheduled meeting, which is

## **Table of Contents**

generally but not exclusively the December or February meeting prior to the issuance of the proxy statement for the Company's annual meeting. If any materials are provided by a shareholder in connection with the nomination of a director candidate, such materials are forwarded to the committee. The committee also reviews materials provided by professional search firms or other parties. In evaluating nominations, the committee seeks to achieve a balance of knowledge, experience and capability. See also *Director Resignation Policy*, above, *Shareholder Nominees*, above, and *Shareholder Proposals*.

### **Communications with the Board**

The Board has established procedures by which shareholders and other interested parties may communicate with the Presiding Director, the Audit Committee chair, the independent directors or the Board. Such parties may write to one or more directors, care of the General Counsel, FPL Group, Inc., P.O. Box 14000, 700 Universe Boulevard, Juno Beach, Florida 33408-0420.

The Board has instructed the General Counsel to assist the Presiding Director, the Audit Committee chair and the Board in reviewing all written communications to the Board as follows:

- (1) Customer, vendor or employee complaints or concerns (other than those described in (2), below), shall be investigated by management.
- (2) If any complaints or similar communications regarding accounting, internal accounting controls or auditing matters are received, they shall be forwarded to the Internal Auditor and to the Audit Committee Chair for review. Such communications may be anonymous. Any such matter shall be investigated in accordance with the procedures established by the Audit Committee, and the results of such investigation shall be reported to the Audit Committee and to the Board.
- (3) Other communications raising matters that require investigation shall be shared with appropriate members of management in order to permit the gathering of information relevant to the directors' review, and shall be forwarded to the director or directors to whom the communication was addressed.

Except as provided above, the General Counsel will forward written communications to the full Board or to any individual director or directors to whom the communication is directed unless the communication is unduly hostile, threatening, illegal or similarly inappropriate or unsuitable (including, but not limited to, surveys, junk mail, resumes, service or product inquiries or complaints, or business solicitations or advertisements).

### **Policy Regarding Transactions with Related Persons**

In accordance with the Related Person Transactions Policy (the "Policy") adopted by the Board in 2007, all Related Person Transactions are subject to review and approval by the Governance & Nominating Committee. For purposes of the Policy, Related Person Transactions are transactions, arrangements or relationships or a series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in an amount equal to or exceeding \$120,000 in which FPL Group, including any of its subsidiaries, was, is or will be a participant and in which any Related Person had, has or will have a direct or indirect material interest. An indirect interest includes an interest held by or through any entity in which any Related Person is employed or is a partner or principal or in a similar position or in which such Related Person has a 5% or greater beneficial ownership interest. Related Persons are executive officers, directors, nominees for director, any person who is known to be the beneficial owner of more than 5% of any class of FPL Group's voting securities and any immediate family member of any of the foregoing persons.

In considering whether to approve a Related Person Transaction, the Governance & Nominating Committee (or its Chair, to whom authority has been delegated under certain circumstances) considers such factors as it (or he) deems appropriate, which may include: (1) the Related Person's relationship to FPL Group and interest in the transaction; (2) the material facts of the proposed Related Person Transaction, including the proposed value of

## **Table of Contents**

such transaction or, in the case of indebtedness, the principal amount that would be involved; (3) the benefits to FPL Group of the Related Person Transaction; and (4) an assessment of whether the Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party.

The Policy provides for standing approval for certain categories of Related Person Transactions without the need for specific approval by the Governance & Nominating Committee. These categories include (1) certain transactions with other companies where the Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 5% of the other company's shares, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of the other company's gross annual revenues in its most recently completed fiscal year; (2) charitable contributions, grants or endowments by FPL Group to charitable organizations, foundations or universities with which a Related Person's only relationship is as an employee (other than an executive officer) or a director or trustee, if the aggregate amount involved does not exceed the lesser of \$500,000 or 2% of the charitable organization's total annual receipts in its most recently completed fiscal year; and (3) certain other transactions and arrangements which under certain SEC rules are excepted from disclosure as transactions with related persons.

Prior to adoption of the Policy, it was the practice of the Company to follow in all material respects the process set forth in the Policy for transactions and arrangements, if any, which would have been required to be disclosed by the Company in its proxy statement.

There were no transactions, arrangements or relationships in 2008 in which any of FPL Group's related persons had, and there are no currently proposed transactions in which any of FPL Group's related persons will have, a direct or indirect material interest in an amount equal to or exceeding \$120,000.

## **AUDIT-RELATED MATTERS**

### **Audit Committee Report**

The Audit Committee submits the following report for 2008:

In accordance with the written Audit Committee Charter, the Committee assists the Board of Directors ( Board ) in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. During 2008, the Committee met nine times, including four meetings where the Committee discussed the interim financial information contained in each quarterly earnings announcement with the chief financial officer, the chief accounting officer and the independent registered public accounting firm prior to public release.

In discharging its oversight responsibility as to the audit process, the Audit Committee has received the written disclosures from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board ( PCAOB ) regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. The Audit Committee has reviewed any relationships that may affect the objectivity and independence of the independent registered public accounting firm and has satisfied itself as to the firm's independence. The Committee also discussed with management, the internal auditors and the independent registered public accounting firm the quality and adequacy of the Company's internal controls and the internal audit function's organization, responsibilities, resources and staffing. The Committee reviewed with both the independent registered public accounting firm and the internal auditors their audit plans, audit scope, and identification of audit risks.

The Committee discussed and reviewed with the independent registered public accounting firm all communications required by generally accepted auditing standards, including the matters required to be

**Table of Contents**

discussed by PCAOB Standard AU 380, Communication with Audit Committees, and Statement on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance, and discussed and reviewed the results of the firm's audit of the financial statements. The Committee also discussed the results of the internal audit examinations.

The Committee reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2008 with management and the independent registered public accounting firm. Management has the responsibility for the preparation of the Company's financial statements, and the independent registered public accounting firm has the responsibility for the examination of those statements.

Based on the above-mentioned review and discussions with management and the independent registered public accounting firm, the Committee recommended to the Board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the Securities and Exchange Commission.

In addition, and in accordance with the Audit Committee Charter, the Committee reviewed and discussed with management and the independent registered public accounting firm management's internal control report, management's assessment of the internal control structure and procedures of the Company for financial reporting, and the independent registered public accounting firm's opinion on the effectiveness of the Company's internal control over financial reporting, all as required to be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. These are the responsibilities of the Company's independent registered public accounting firm and management. In discharging our duties as the Audit Committee, we have relied on (1) management's representations to us that the financial statements prepared by management have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles and (2) the report of the independent registered public accounting firm with respect to such financial statements.

Respectfully submitted,

Michael H. Thaman, Chair

J. Hyatt Brown

Toni Jennings

Oliver D. Kingsley, Jr.

Rudy E. Schupp



**Table of Contents****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"), for the fiscal years ended December 31, 2008 and 2007.

	2008	2007
Audit Fees(1)	\$ 3,938,000	\$ 3,497,000
Audit-Related Fees(2)	3,168,000	1,952,000
Tax Fees(3)	67,000	76,000
All Other Fees(4)		
<b>Total</b>	<b>\$ 7,173,000</b>	<b>\$ 5,525,000</b>

- (1) Audit Fees consist of fees billed for professional services rendered for the audit of FPL Group's and Florida Power & Light's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL Group's and Florida Power & Light's Quarterly Reports on Form 10-Q filed during the fiscal year and the audit of the effectiveness of internal controls over financial reporting, 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 its responsibility under PCAOB 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 Florida Power & Light's consolidated financial statements and are not reported under Audit Fees. These fees primarily related to audits of subsidiary (non-SEC registrant) financial statements, comfort letters, consents and other services related to subsidiary (non-SEC registrant) financing activities, audits of employee benefit plans and trust funds (including certain employee benefit plans and trust funds where the fees are paid by the plan or the trust, rather than by FPL Group or its subsidiaries), due diligence pertaining to acquisitions and consultation on accounting standards and on transactions.
- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance and tax advice and planning. In 2008 and 2007, all tax fees paid related to tax compliance services.
- (4) All Other Fees consist of fees for products and services other than the services reported under the other named categories. In 2008 and 2007, there were no fees incurred in this category.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm**

In accordance with the requirements of Sarbanes-Oxley, the Audit Committee Charter and the Audit Committee's pre-approval policy for services provided by the independent registered public accounting firm, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain employee benefit plans and trust funds where the fees are paid by the plan or the trust. 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 in advance of the commencement of such work or, in cases which meet the de minimus pre-approval exception established by Sarbanes-Oxley, 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 has been engaged and the estimated fees for those services. In 2008 and 2007, no services provided by Deloitte & Touche to FPL Group or Florida Power & Light were approved by the Audit Committee after services were rendered pursuant to the de minimus exception established by Sarbanes-Oxley.

The Audit Committee has determined that the non-audit services provided by Deloitte & Touche during 2008 and 2007 were compatible with maintaining that firm's independence.



**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion & Analysis**

This compensation discussion and analysis explains FPL Group's 2008 executive compensation program for the executive officers named in *Table 1a: Summary Compensation Table* (named executives or NEOs). The material elements of the executive compensation program also apply to FPL Group's other executive officers. Please read this discussion and analysis together with the tables and related narrative about executive compensation beginning on page 60 of this proxy statement.

**Summary**

- Ø The fundamental objective of FPL Group's executive compensation program is to support the creation of long-term shareholder value.
  
- Ø The program is designed to retain, motivate, attract, reward and develop high-quality, high-performing executive leadership whose talent and expertise should enable the Company to create long-term shareholder value.
  
- Ø Each named executive's total compensation opportunity is the primary focus of the executive compensation program. In December of each year, the Compensation Committee uses its business judgment to set each named executive's total compensation opportunity for the following year, based on the following factors:

the competitive market for comparable executives and compensation opportunities provided by comparable companies;

individual and team contribution and performance;

corporate performance;

complexity and importance of role and responsibilities;

position tenure;

leadership and growth potential; and

the relationship of the named executive's pay to the pay of the other executive officers.

- Ø Each NEO's total compensation opportunity is divided into the following elements:

base pay;

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annual incentive compensation, typically payable in cash but under circumstances deemed appropriate by the Compensation Committee payable wholly or in part in shares of the Company's common stock; and

long-term equity-based compensation in the form of restricted stock, stock options and performance shares.

- Ø A significant portion of each NEO's total compensation opportunity is performance-based. That portion carries both upside potential and downside risk for the NEOs.
  
- Ø Named executives (and all of FPL Group's officers) must build and maintain a significant and continuing equity interest in FPL Group. This helps to ensure that their interests are aligned with those of shareholders and that changes in the price of FPL Group common stock have a meaningful economic effect on the officers.
  
- Ø The program's combination of base salary, long- and short-term incentives, and use of different types of equity compensation awards, along with the Company's stock ownership guidelines, encourage executives to take prudent but not excessive risks.

## **Table of Contents**

### **Executive Compensation Objective and Considerations**

As stated above, the fundamental objective of FPL Group's executive compensation program is to support the creation of long-term shareholder value. Through program design and operation, the Compensation Committee seeks to encourage prudent risk taking by the NEOs without establishing incentives for "swing for the fences" behavior. The named executives and other executive officers play a critical role in FPL Group's ability to create value, and it is in shareholders' interests that their compensation be structured to encourage desired behaviors in order to achieve desired outcomes. The Compensation Committee and the Board believe that it is in the best interest of the Company, its shareholders and its important non-shareholder interest groups (such as customers, regulators and employees) to have highly-talented, able, highly-motivated and high-performing leaders who can sustain and improve upon the Company's strong performance and manage the Company appropriately in all economic circumstances.

In making executive compensation decisions, the Compensation Committee considers the following general and industry-specific factors:

#### ***General Considerations***

Executive compensation is material to FPL Group insofar as it potentially or actually affects executive behavior. The actions of the executive officers, both individually and as a group, are extremely important in shaping business outcomes in both the short and the long term, and long-term results by definition cannot be precisely determined in the short-term. Therefore, it is important to strike a balance between rewarding short-term financial results and rewarding behaviors that are believed to lead to desired results over time.

The impact of the NEOs and other executive officers is not only on factors that can be readily measured (e.g., performance indicators), but also on other important subjective variables, including cultural values. Consequently, a focus on objective indicators, while important, must be balanced by other, subjective considerations.

Proven, capable senior leaders who know the Company, have continuity with recent industry and Company experience, are of high character and have a track record of success are extremely valuable. Those individuals are attractive to competitors and have many other opportunities available to them, both in public companies and in other sectors of the economy. The cost of locating or developing alternative executives, whether internally or through external recruiting, is high.

The leadership of a large, complex organization such as FPL Group depends critically upon effective teamwork at the executive officer level, as well as on individual capability.

Individuals vary in the value they place on specific compensation elements, but we believe in general the highest value is placed on immediately-available, cash compensation. The use of vesting over time and stock ownership requirements, for example, to promote certain behaviors may also reduce the named executive's perception of the value of the reward. The Company seeks to balance the value of each compensation element to the Company against the named executive's perceived value of that element.

Individuals generally prefer a clear understanding of the factors that will determine their compensation. However, a strictly formulaic approach can lead to undesired behaviors. The Company seeks to provide clarity, to ensure that named executives are focused on the key drivers of success, while also retaining flexibility to recognize particular circumstances.

No compensation system can be perfect, and every system, if rigidly applied, can have unintended consequences. Therefore, judgment in application is important.

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Frequent change in the fundamental structure of compensation programs is undesirable and demotivating to all employees, including executive officers. Therefore, a compensation structure

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**Table of Contents**

applied fairly, consistently and with the application of judgment over a period of time will be more likely to produce desired long-term results than a compensation structure that often undergoes significant change.

***Industry and FPL Group-Specific Considerations***

FPL Group's principal businesses are highly capital-intensive, with long-lived assets. Major, largely irreversible decisions affecting the long-term future of the business are a constant part of decision-making. It is difficult in the short term to measure precisely the effect that good and bad decisions in these areas will have on long-term business prospects. The Company seeks to encourage executive officers to make decisions that are designed to support long-term value creation, which often require substantial capital expenditures, the avoidance of which would otherwise result in higher short-term financial results. As a result, the Company's choice of performance objectives, as well as the specific values targeted, may change from year to year.

FPL Group's rate-regulated utility subsidiary, Florida Power & Light, is a high-performing utility operating in a service territory where it must, among other things, manage regulatory, environmental and weather-related challenges. FPL Group's competitive energy subsidiary, NextEra Energy Resources, among other things must manage growth, intense competition, changing technologies, environmental and market rules and regulations, the complexity of the various types of generation it operates and the use of derivatives for risk management. The complexity of its principal businesses requires FPL Group to attract, develop and retain executive officers with strong business acumen and commercial skills, which may not have been necessary to run a traditional utility business years ago but are required in light of the Company's current strategy and circumstances.

FPL Group operates in a highly regulated industry, where current actions and reputation can have long-lasting effects, both positive and negative. The Company believes that it is important that executive officers support and promote the development of cultural values that recognize other non-shareholder interests, including those of customers, regulators and employees, and their potential effect on shareholder value. It uses the flexibility of the compensation program to support this goal. This may be reflected in a number of ways, including: (1) through the inclusion of non-financial performance indicators, such as customer satisfaction ratings, in assessing performance; (2) through the particular targets established for certain financial indicators; and (3) through the judgment of the Compensation Committee in assessing individual and overall performance relative to a particular set of indicators.

Each year, FPL Group's management undertakes a number of initiatives designed to support long-term value creation, the success or failure of which cannot be precisely measured at the time. The Company believes it is important to provide appropriate incentives for such activities and frequently reflects more important initiatives through the inclusion of qualitative factors in goal setting. The Compensation Committee applies its business judgment both in the inclusion of such factors in the Annual Incentive Plan, which also affects multi-year performance programs, and in the qualitative assessment of the degree of achievement of results deemed likely to promote long-term shareholder value.

FPL Group's strategy is based in part on the belief that long-term superior performance in its industry comes from the relatively steady accumulation of moderate gains relative to its competition, rather than by concentrating on one or two large-scale opportunities. The Compensation Committee factors this into the balance it seeks to strike among the elements of compensation, and in particular it seeks to encourage prudent risk taking without establishing incentives for excessively risky behavior.

FPL Group's approach to communications with investors is based on transparency of expectations—that is, the Company seeks to communicate to investors the material drivers of expected future performance as they are known to management at any given time. To promote this, the Compensation Committee believes it is important to align internal and external expectations, and therefore the key drivers of the Company's annual financial plan are reflected in the executive compensation program.

## **Table of Contents**

### **Elements of Executive Compensation**

#### *Focus on Total Compensation Opportunity*

The Compensation Committee uses its business judgment to determine the appropriate total compensation opportunity for each named executive for the coming year. The Committee sets each NEO's total compensation opportunity and each compensation element based on an integrated assessment of a series of factors, including competitive alternatives, individual and team contribution and performance, corporate performance, complexity and importance of role and responsibilities, position tenure, leadership and growth potential and the relationship of the named executive's pay to the pay of FPL Group's other executive officers. See page 27 of this proxy statement for a discussion of the Compensation Committee's processes.

There are no material differences in FPL Group's compensation policies or the way in which total compensation opportunity is determined for any named executive. Since the CEO has substantially greater duties, responsibilities and accountabilities than any other named executive, and the competitive market for chief executive officers is substantially more competitive than the markets for other executive officers, Mr. Hay's total compensation opportunity, including all elements of his compensation, is higher than the opportunities available to other named executives. As noted below, a greater proportion of Mr. Hay's total compensation opportunity is comprised of elements other than base pay, and is therefore at risk.

#### **Pay at Risk**

The Company believes that a significant portion of each NEO's total compensation opportunity should be performance-based, reflecting both upside potential and downside risk. The higher the executive's level, the greater the proportion of total compensation which should be at risk. The following pie charts illustrate how this philosophy was reflected in the 2008 total compensation opportunities set for the NEOs:

Because such a high proportion of total compensation is at risk for the named executives, and because the Company generally targets top quartile or better performance (as compared to the performance of its peers on the targeted factors, based on internal reviews of publicly-available information and information provided by consultants and industry associations), FPL Group believes that the named executives' total compensation opportunity should be higher than it otherwise would be if a lesser proportion were at risk and the Company were targeting average performance.

#### **Resources**

The Compensation Committee primarily uses the following resources to aid in its determination of total compensation opportunity for each named executive:

- Ø **tally sheets and walk-away charts** The Committee reviews tally sheets which include all elements of NEO compensation. The tally sheets are used both to inform the Compensation Committee's decisions about total compensation opportunity and as a check to ensure that the Committee sees the full value of all elements of named executives' annual compensation, both as



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**Table of Contents**

opportunity and as actually realized. The Compensation Committee also reviews walk-away charts. These charts set forth the aggregate amount each NEO would walk-away with upon employment termination. The Committee used this tool to review and discuss the actual results of its compensation decisions.

- Ø **reviews by the CEO** The Committee reviews and discusses with the CEO (for all NEOs other than himself) such factors as individual and team contribution and performance (measured against the scope and responsibilities of each named executive's position), complexity and importance of role and responsibilities, position tenure and leadership and growth potential. The CEO makes recommendations to the Compensation Committee with respect to the total compensation opportunity of the other named executives, based in part on each NEO's attainment in the prior year of individual performance objectives, as well as on the CEO's assessment of the executive officer's professional competency in the areas of analysis and problem solving, commercial and professional skills, communications, integrity and compliance, leadership and process/project management.
  
- Ø **consultations with the compensation consultant** For the CEO, the Compensation Committee, with the assistance of its compensation consultant, Watson Wyatt, performs its own review and assessment of factors such as individual and team contribution and performance, leadership, strategic perspective, integrity and management of key external relationships. In addition, in order to provide background for the Compensation Committee's decisions, Watson Wyatt provides the Committee with a review of current trends in executive compensation. In 2008, Watson Wyatt advised the Committee that in its view the Company has been successful in paying for performance. See the discussion beginning on page 27 of this proxy statement for additional information about the role of the compensation consultant.
  
- Ø **market comparisons** The Compensation Committee considers the competitive market for comparable executives and compensation opportunities provided by comparable companies. The primary effect of competition for executive talent is on the aggregate level of the total compensation opportunity available to the NEOs. FPL Group believes that it is critical to the Company's long-term performance to offer its executive officers compensation opportunities broadly commensurate with their competitive alternatives, which may vary from individual to individual and which may extend beyond equivalent positions in the Company's industry or at other publicly traded or similarly-situated companies.

The Company gets market comparison information from reviews of available information about a peer group comprised of a set of companies from the energy services industry and a set of companies from general industry. These companies are chosen with input from executive officers (including the CEO) and the assistance of Watson Wyatt. The Compensation Committee uses its business judgment in developing the appropriate peer group, and believes that the use of companies from both the energy services industry and from general industry is appropriate because the Company's executive officers come from both within and outside of the Company's industry and their opportunities are not limited to other energy or utility companies.

For 2008, the Compensation Committee chose to continue to use a peer group, first selected after thorough review for use in determining 2007 executive compensation, which included energy services industry companies based on their relative annual revenue and relevance to FPL Group's mix of businesses, and general industry companies based on the following criteria: (1) publicly-traded companies of similar size and scope to FPL Group; (2) highly reputable organizations which have a strong domestic presence; (3) company cultures similar to that of FPL Group, including operational excellence, product/service leadership and/or customer experience and (4) absence of unusual pay arrangements for the chief executive officer. More specifically, as compared to the peer group used for 2007 executive compensation determinations:

Public Service Enterprise Group was returned to the energy services group (from which it had been removed for 2007) after its proposed merger with another company was terminated.

**Table of Contents**

BellSouth Corporation was removed from the general industries group following its merger into another company. The executive compensation programs of the following companies were reviewed as market comparators for 2008:

<b>Energy Services Industry</b>	<b>General Industry</b>
Allegheny Energy, Inc.	Air Products and Chemicals, Inc.
American Electric Power Company, Inc.	Alcoa Inc.
Consolidated Edison, Inc.	CIGNA Corporation
Constellation Energy Group, Inc.	Colgate-Palmolive Company
Dominion Resources, Inc.	Devon Energy Corporation
Duke Energy Corporation	E. I. du Pont de Nemours and Company
Edison International	Eaton Corporation
Entergy Corporation	Emerson Electric Co.
Exelon Corporation	Fluor Corporation
FirstEnergy Corp.	General Dynamics Corporation
PG&E Corporation	Hess Corporation
Progress Energy, Inc.	Honeywell International Inc.
Public Service Enterprise Group Incorporated	Kellogg Company
Sempra Energy	The McGraw-Hill Companies, Inc.
The Southern Company	Murphy Oil Corporation
TXU Corp.	Principal Financial Group, Inc.
Xcel Energy Inc.	Schlumberger Limited
	SunTrust Banks, Inc.
	Texas Instruments Incorporated
	Union Pacific Corporation
	Xerox Corporation

Although the Compensation Committee does not target specific total compensation levels relative to industry norms (a so-called percentile approach), it generally reviews peer company data at the 50<sup>th</sup> percentile for the general industry companies and the 75<sup>th</sup> percentile for the energy services industry companies. The Committee believes these levels are appropriate because:

It is the Company's practice to make a relatively high portion of each NEO's compensation performance-based (i.e., at risk) as compared to its peers; and

Most of the Company's operational performance targets are set at the top quartile or higher (as compared to the performance of its peers on the targeted factors, based on internal reviews of publicly-available information and information provided by consultants and industry associations).

However, when making market comparisons, the Compensation Committee, its advisors and the executive officers also consider other statistics as and when they deem appropriate, including, for example, median performance, data outliers and individual company data.

***Pay Mix***

Each named executive's total compensation opportunity is primarily comprised of a mix of the following compensation elements:

base salary;

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## **Table of Contents**

annual performance-based incentive, typically payable in cash but may be paid in whole or in part in shares of the Company's common stock at the discretion of the Compensation Committee; and

longer-term performance-based equity incentives (a mix of stock options, restricted stock and performance shares).

This mix can change from time to time as the Company's needs and objectives and external circumstances change. In addition, the Company seeks to provide competitive personal and retirement benefits for its named executives. The Compensation Committee periodically reviews the Company's benefits and retirement programs for executive officers and the effect that the Committee's compensation decisions have on those programs.

When determining the proportion of total compensation that each compensation element will constitute, the Compensation Committee reviews current market practices and industry trends, taking into consideration the Company's preference for overweighting performance-based compensation and underweighting fixed compensation. Within the performance-based compensation category, the Compensation Committee seeks to focus the efforts of the named executives on a balance of short, intermediate and long-term goals. In addition, the Compensation Committee considers the named executives' perception of the relative values of the various elements of compensation and seeks input from the CEO and Watson Wyatt. See the pie charts on page 40 for illustrations of the 2008 target pay mixes set for the NEOs.

### **Base Pay**

FPL Group provides its named executives with base pay because the Company recognizes that cash is an important component of compensation and is highly-valued by executive officers. In general, the Company provides the named executives with base pay at levels consistent with those offered by companies in the Company's peer group. Base pay is established by the Compensation Committee taking into account the nature and responsibilities of the position, the expertise and performance of the named executive over the prior year, the competitiveness of the market for the named executive's services, the effect that changes in base pay have on certain other compensation components and the recommendations of the CEO (except in the case of his own compensation). No rigid formula is applied; rather, the Compensation Committee exercises its business judgment. Base pay represented a relatively small proportion of 2008 total compensation opportunity (approximately 13% for the CEO and ranging from approximately 19% to 28% for the other NEOs). In general, base pay as a percentage of total compensation opportunity decreases as an executive officer's level of responsibility increases. The Compensation Committee considers base pay to be performance-related, as indicated above, although under the Internal Revenue Code amounts over \$1 million are not deductible by the Company. For further discussion of the material tax effects of the Compensation Committee's compensation decisions, see *Tax and Accounting Considerations*, below.

### ***2008 Base Pay for the Named Executives***

In 2008, Mr. Hay's base pay was increased by \$48,300, or 4%, primarily based on the Company's excellent operating results in 2007, the nature and responsibilities of Mr. Hay's position, his expertise and performance, the competitiveness of his current pay in relation to his corresponding peer group and the business judgment of the Compensation Committee. Before approving Mr. Hay's 2008 base pay increase, the Compensation Committee discussed at length such factors as Mr. Hay's individual performance, Company performance, competitive pay levels and consistency with other Company executives. The Compensation Committee also took into account the effect that a base salary increase would have on other components of compensation, including annual incentive pay, long-term incentive plan grants and retirement benefits.

Mr. Robo's base pay in 2008 of \$756,000 represented an 8% increase, based primarily on the continuing increase in his responsibilities related to his assumption of the President and COO positions in December 2006 and his individual performance. Mr. Dewhurst's base pay in 2008 of \$589,800 represented a 6% increase, Mr. Olivera's base pay in 2008 of \$589,800 represented a 4.8% increase, and Mr. Stall's base pay in 2008 of

## **Table of Contents**

\$590,000 represented a 16% increase, all of which were based on the nature and responsibilities of their respective positions, their expertise and performance, the competitiveness of each NEO's current pay in relation to his corresponding peer group and the recommendations of the CEO. The base salary established for Mr. Pimentel, who joined the Company in February 2008 and became Chief Financial Officer in May 2008, was determined based on all the preceding factors, as well as through negotiations with Mr. Pimentel.

### **Annual Incentive Compensation**

#### ***General***

The Annual Incentive Plan focuses the named executives' attention on shorter-term attainment of high levels of operating and financial performance. Named executives are eligible for annual incentive compensation under the Annual Incentive Plan based primarily upon the level of achievement, both by the individual officer and the Company, of performance targets established prior to the beginning of each year, as well as on the Compensation Committee's assessment of individual performance, following consideration of input from the CEO with respect to the named executives other than himself.

#### ***Description of the Annual Incentive Plan***

Prior to the beginning of 2008, the Compensation Committee assigned each named executive a target annual incentive, expressed as a percentage of base pay, under the Annual Incentive Plan. The chart on page 49 sets forth the dollar value of these targets for the NEOs in 2008.

At the same time, the Compensation Committee established a financial performance matrix for all named executives based on the Company's adjusted earnings per share growth and adjusted return on equity, as illustrated below. Adjusted return on equity for this purpose is equal to the Company's adjusted earnings divided by average common shareholders' equity, expressed as a percentage. The financial performance matrix compares the Company's adjusted earnings per share growth and adjusted return on equity with annual earnings per share growth and return on equity measures derived from actual annual results of the S&P 500 Utilities Index over a three-year period believed to be generally representative of historical industry performance absent abnormal conditions, centered at the middle of the deemed historical industry performance. The matrix is designed to provide relatively greater rewards if the Company outperforms the indexed measures and relatively lower rewards if it does not. The Compensation Committee approved the use of triles in the matrix to lessen the effect of atypical peer company results during the actual years used to establish historical industry performance. The numbers in the matrix below set forth the range of possible ratings for corporate financial performance. A 1 indicates overall corporate financial performance at industry average, while higher ratings indicate corporate financial performance superior to industry average, and lower ratings indicate corporate financial performance which lags industry average.

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**Table of Contents**

In addition, for all executive officers other than the chief executive officer, the Compensation Committee, after consultation with the chief executive officer, approved multiple operational performance targets at each of the Company's principal subsidiaries (*see Operational Performance Targets*, below). In general, the operational performance targets were set at performance levels equal to or above the top quartile of performance in the Company's industry in prior years, based on internal reviews of publicly-available information and information provided by consultants and industry associations. The Compensation Committee believes that the financial performance matrix, together with the operational performance targets, provided a balanced scorecard of Company performance in 2008. During the year, regular reports were made to the Board about the Company's performance as compared to the operational performance targets.

In lieu of operating performance targets for the chief executive officer, for 2008 the Compensation Committee assessed the CEO's performance against a scorecard which included the following objectives which were approved by the Compensation Committee prior to the beginning of the year following discussion with the CEO:

Strategic perspective

Leadership

Integrity

Developing and deploying management talent

Role as Chairman of the Board

Management of key external relationships

Additional key objectives agreed upon by the Compensation Committee and the CEO based upon the Company's budget and strategic plan

Each NEO's annual incentive compensation under the Annual Incentive Plan is subject to a cap set by the Compensation Committee prior to the beginning of the relevant year. For 2008, the cap was based on the attainment of an adjusted earnings objective of \$500 million for FPL Group and, since the Company exceeded the adjusted earnings objective, no executive officer could earn more than 200% of the executive's targeted annual incentive. Prior to the beginning of 2008, the Compensation Committee determined that adjusted earnings for this purpose would be equal to the Company's consolidated net income, as reported in the audited annual financial statements as determined in accordance with generally accepted accounting principles, excluding the effect of: (1) changes in the mark-to-market value of non-qualifying hedges, (2) extraordinary items, (3) non-recurring charges or gains, (4) discontinued operations, (5) regulatory and/or legislative changes and/or changes in accounting principles, (6) labor union disruptions and (7) acts of God such as hurricanes. The Compensation Committee uses adjusted earnings as the objective because it believes that adjusted earnings provides a more meaningful representation of the Company's fundamental earning power. Therefore, the Committee believes that using adjusted earnings best aligns executive officers' motivations with the Company's strategy and with shareholders' long-term interests. Subject to the overall cap, the Annual Incentive Plan is not a strictly formulaic plan and the Compensation Committee retains discretion to modify awards. The Company has structured the Annual Incentive Plan to meet applicable IRS criteria to qualify the amounts paid under the plan as qualified performance-based compensation in most circumstances. See *Tax and Accounting Considerations*.

## **Table of Contents**

### ***Financial Performance Matrix***

After the end of the year, the Compensation Committee reviewed the Company's 2008 performance as against the financial performance matrix. The Company's adjusted return on equity of 13.8% and adjusted earnings per share growth of 10% placed it in the position shown below in the financial performance matrix, indicating performance superior to industry average:

### ***Operational Performance Targets***

As a general principle, the Company seeks to set operational performance targets that are challenging yet achievable: that is, they should be set at levels that represent excellent performance, superior to the results of typical companies in FPL Group's industry, and that require significant effort on the part of the executive team, yet they should represent a reasonable expectation of performance assuming the team delivers that effort. The Company believes that targets that are set too low may fail to result in the best performance attainable, while targets that are set too high can be demotivating. Florida Power & Light typically targets performance measures that are generally equal to or better than the top quartile performers in its industry and NextEra Energy Resources targets earnings growth and profitability targets that are well above utility industry norms (in both cases based on internal reviews of publicly-available information and information provided by consultants and industry associations.). Over time, the Compensation Committee seeks to maintain this basic principle. Depending upon the nature of the specific operational performance target, from year to year this can mean a progressive increase in target, no change, or an occasional reduction, where external or other factors affect the expected level of an indicator (for example, the effect of significant scheduled plant upgrades on the nuclear division's availability indicator).

After the end of 2008, the ECRB assessed whether the operational performance targets had been achieved, exceeded or missed, and the degree of difficulty of achieving each target, and arrived at an aggregate determination for the Company's performance as compared to the targets. The determination of the ECRB was then presented to the Compensation Committee for consideration and approval, with the Compensation Committee retaining ultimate authority and discretion to accept or modify all or any part of the determination of the ECRB.

**Table of Contents**

For 2008, the operational performance targets and the actual performance achieved, or an assessment of the difficulty of achievement of those performance targets which the Company has determined to be confidential, were as follows:

**Florida Power & Light Company:**

<b>Indicator</b>	<b>Goal</b>	<b>Actual</b>
Operations & maintenance costs (plan-adjusted)(1)	\$1,416 million(1)	\$1,299 million(1)
Capital expenditures (plan-adjusted)(1)	\$2,851 million(1)	\$2,318 million(1)
Net income	\$875 million	\$789 million
Regulatory return on equity	performance consistent with rate agreement with Florida Public Service Commission	achieved performance consistent with rate agreement
Fossil generation availability	target top decile performance	top decile
Nuclear industry composite performance index	aggressive target	missed target
Service reliability service unavailability	within the top quartile (76 minutes)	within the top quartile significantly better than national average (83.2 minutes)
Service reliability average frequency of customer interruptions	1.52 interruptions per customer per year (average)	1.61
Service reliability average number of momentary interruptions per customer	15 momentary interruptions per customer per year	14.3 (second best performance ever)
Employee safety OSHA recordables/200,000 hours	1.78	1.63 best performance in Florida Power & Light history and 18% improvement over prior year
Significant environmental violations	0	0
Customer satisfaction residential	very aggressive target	substantially met missed by less than 1%
Customer satisfaction business	very aggressive target	beat target
Obtain necessary approvals for generation additions	obtain approval	met

**Table of Contents****NextEra Energy Resources:**

<b>Indicator</b>	<b>Goal</b>	<b>Actual</b>
Earnings (plan-adjusted)(1)	\$783 million(1)	\$821 million(1)
Employee safety OSHA recordables/200,000 hours	1.25	.52
Significant environmental violations	0	0
Nuclear industry composite performance index	well above industry average	missed, but well above industry average
Meet budgeted cost targets	\$1,198 million	\$1,176 million
Integration of Point Beach nuclear station	successful integration	achieved target
Equivalent forced outage rate	top quartile performance	below target but well above industry average
Hedged budgeted gross margin for 2009	>85%	86%
New U.S. wind development / acquisitions	1,000 MW	1,215 MW
New growth opportunities in solar, gas infrastructure, transmission, Canadian wind and M&A	aggressive target must be ahead of plan to achieve	missed target
Pre-tax income contribution from all asset optimization, marketing and trading activities	aggressive target	6% better than target

- (1) Certain of the financial performance indicators used in the Annual Incentive Plan are calculated in a manner consistent with FPL Group's planning and budgeting process and how management reviews its performance relative to that plan, and do not relate directly to financial measures calculated in accordance with generally accepted accounting principles ( GAAP ). For information about the Company's results of operations for 2008, as determined in accordance with GAAP, investors should review the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and should not rely on any adjusted amounts or non-GAAP financial measures set forth above. The following explains how the plan-adjusted amounts are calculated from FPL Group's audited financial statements: (a) Florida Power & Light operations & maintenance costs (plan-adjusted) is a measure that includes most but not all operations & maintenance expenses and includes certain expenses not classified as operations & maintenance under GAAP but reported for state regulatory purposes as operations & maintenance expenses. Material exclusions in 2008 were expenses recovered through cost recovery clauses; and (b) NextEra Energy Resources' earnings (plan-adjusted) exclude the mark-to-market effect of non-qualifying hedges and other than temporary losses on securities held in NextEra Energy Resources' nuclear decommissioning funds.

**2008 Annual Incentive Awards for the Named Executives**

Each named executive's 2008 annual incentive compensation was determined based on a rating ( FPL Group performance rating ) derived by combining the Company's financial performance as measured by the financial performance matrix (weighted 50%) and the Company's operational performance as compared to the operational performance targets (or the performance scorecard, in the case of the CEO) (weighted an aggregate of 50%, without assigning an individual weight to each operational performance target).

The FPL Group performance rating determined as set forth in the previous paragraph may be adjusted for each named executive by the Compensation Committee based on individual performance. The Compensation Committee uses this aspect of the executive compensation program in particular to reinforce performance expectations with respect to attributes that cannot readily be quantified, such as teamwork, the promotion of appropriate cultural values and leadership development. The individual performance adjustment typically is between 80% and 150%, with 150% being the maximum individual performance factor. The Compensation



**Table of Contents**

Committee determines the individual performance factors based on recommendations from the CEO (for all of the named executives other than himself). For the named executives other than the CEO, the 2008 individual performance factor was based primarily upon the intangible factors listed above, as well as each NEO's performance relative to a set of objectives agreed upon with the CEO at the beginning of the year. For the CEO, the Compensation Committee determines the individual performance factor. The Compensation Committee determined Mr. Hay's 2008 individual performance factor based on the Committee's assessment of Mr. Hay's performance against the objectives set for him at the beginning of the year (as described on p.45) and the Company's overall performance, including, among other considerations:

delivered outstanding results despite lower than expected revenues at Florida Power & Light;

led the U.S. in new wind capacity put in service in 2008;

achieved third consecutive year of double-digit growth in earnings per share;

adjusted return on equity of 13.8%, which tied for the highest such return in 20 years;

successfully financed 2008 growth plan despite capital markets turmoil;

rapidly realigned corporate capital expenditures plans as a result of financial market turmoil;

achieved best-ever safety performance;

positioned the Company as a national leader in the carbon debate; and

ranked America's most admired electric and gas utility by Fortune Magazine for the second consecutive year.

The following illustrates the determination of the 2008 annual incentive for each NEO:

annual incentive = (FPL Group performance rating × individual performance factor) × target annual incentive

The 2008 annual incentive determined as set forth above was prorated for Mr. Dewhurst, who retired at the end of May 2008.

In years where the Company's performance is above or substantially above the performance of its peers, as it was in 2008, the Company expects that annual incentive awards will be paid to the NEOs at a rate exceeding the targeted rate. For 2008, the NEOs' annual incentive awards (expressed as if such awards had been paid wholly in cash, although, except for Mr. Dewhurst, such awards were paid partially in cash and partially in shares of the Company's common stock, as more fully described below) were as follows:

**Named**

<b>Executive Officer</b>	<b>2008 Target Annual Incentive</b>	<b>2008 Annual Incentive Award(1)</b>
Lewis Hay, III	\$ 1,255,800	\$ 2,400,000

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Moray P. Dewhurst	\$	412,860	\$	263,198
Armando Pimentel, Jr.	\$	367,500	\$	657,825
James L. Robo	\$	604,800	\$	1,082,592
Armando J. Olivera	\$	416,290	\$	636,924
John A. Stall	\$	413,000	\$	644,280

(1) Paid half in cash and half in shares of the Company's common stock, except for Mr. Dewhurst. See *Form of Payment of 2008 Annual Incentive*. The amounts set forth above for the NEOs' 2008 annual incentive awards are also set forth in the Non-Equity Incentive Plan Compensation column (column (g)) in *Table 1a: Summary Compensation Table*. The 2008 annual incentive shown above for Mr. Dewhurst has been prorated to reflect his retirement in May 2008.

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## **Table of Contents**

In addition to his annual incentive as set forth above, Mr. Pimentel also received a one-time signing bonus of \$50,000 when he began employment with the Company in February 2008, primarily in lieu of relocation benefits. This amount is set forth in the Bonus column (column (d)) in *Table 1a: Summary Compensation Table*.

### ***Form of Payment of 2008 Annual Incentive***

Although annual incentives are generally paid to the NEOs in cash, in 2008 the Compensation Committee determined that, in light of the general economic environment, to reinforce the Company's focus on managing its liquidity and as a tangible demonstration of the alignment of the executive compensation program with the interests of Company shareholders, half of each officer's annual incentive would be paid through a grant of unrestricted shares of the Company's common stock under the LTIP.

### **Equity-Based Compensation**

#### ***General***

Equity-based compensation is designed to reward longer-term performance, to retain executives and to more closely align the interests of the Company's executives with the interests of its shareholders, all of which are intended to support the creation of long-term shareholder value. In general, and consistent with its performance-based compensation philosophy, FPL Group's named executives have a higher proportion of their total compensation comprised of equity-based elements than of cash elements. All equity awards are subject to vesting restrictions (other than those made as part of the payment of an annual incentive plan award, as discussed above), so they are not immediately payable and are at risk of forfeiture until all vesting requirements are met. While all FPL Group equity awards are inherently performance-based, the Compensation Committee structures equity grants to named executives to meet IRS criteria for qualified performance-based compensation. See *Tax and Accounting Considerations*. Under the Company's Stock Ownership Policy and Stock Retention Policy, NEOs must retain equity valued at a specified multiple of their annual base salaries by the third anniversary of their appointment as NEOs and, until such requirement is met, must retain at least two-thirds of their vested (and, in the case of stock options, exercised) equity compensation, net of shares withheld for taxes (and, in the case of stock options, net of shares tendered to pay all or a portion of the exercise price). All NEOs are in compliance with this requirement. See *Stock Ownership and Retention Policies*.

In 2008, the Compensation Committee awarded a mix of restricted stock, non-qualified stock options and performance shares to the named executives under the LTIP.

#### ***Equity Compensation Mix***

The Compensation Committee chooses to award each type of equity compensation described above because the Committee believes each rewards shareholder value creation in a different way. Although the value of all forms of equity-based compensation is directly affected by both increases and decreases in the price of FPL Group's common stock, performance shares most directly focus named executives on the multi-year sustained achievement of challenging financial and operational goals, as the number of shares ultimately earned depends upon the level of performance of the Company and the named executive over a three-year period. Stock options reward the named executives only if FPL Group's stock price increases. Restricted stock is affected by all stock price changes, so its value to named executives is affected by both increases and decreases in the Company's stock price. Stock options and restricted stock grants to NEOs are subject to vesting requirements; these awards typically vest ratably over three years or more.

In determining the appropriate mix of equity compensation components, the Compensation Committee primarily considers the following factors:

the mix of these components at competitor and peer companies;

the perceived value to the NEO of each element;

**Table of Contents**

the retention value of each element and other values important to the Company (including, for example, the tax and accounting consequences of each type of award); and

the advice of the Compensation Committee's compensation consultant.

After using its business judgment to determine the appropriate mix of equity compensation components, the target award level for each equity-based element is expressed as a percentage of each NEO's base salary, which percentage has remained generally stable over the past several years. The target dollar value for each component is converted to a number of shares of equivalent value (estimated present value for stock options). All other things being equal, a higher FPL Group common stock price results in the award of fewer shares, and a lower FPL Group common stock price results in the award of more shares.

**2008 Equity-Based Compensation Awards Mix for the Named Executives**

In 2008, the Compensation Committee granted the following mix of target equity-based compensation to FPL Group's named executive officers:

Named Executive Officer	Mix of Equity-Based Compensation Awards(1)		
	Restricted Stock	Options	Performance Shares
Lewis Hay, III	47%	12%	41%
Moray P. Dewhurst	44%	23%	33%
Armando Pimentel, Jr.	46%	20%	34%
James L. Robo	41%	24%	35%
Armando J. Olivera	42%	22%	36%
John A. Stall	51%	15%	34%

(1) Calculation of mix percentages based on the target present value of each grant as a percentage of each NEO's total equity-based compensation.

**Equity Grant Practices**

Equity awards are granted by the Compensation Committee to the named executives each year effective on the date of the Board meeting in mid-February, which is a date that is normally set more than a year in advance of the meeting. The Compensation Committee believes that granting equity in this way is appropriate because the Company typically releases year-end earnings in late January or early February, so all relevant news generally should be available to the market on the grant date.

Equity awards may also be made to new executive officers upon hire or promotion, generally coincident with the Compensation Committee meeting next following the date of hire or promotion. The Compensation Committee does not seek to time equity grants to take advantage of information, either positive or negative, about the Company which has not been publicly disseminated. The exercise price of options granted is equal to the closing market price of FPL Group's common stock on the date of grant.

**Restricted Stock**

Restricted stock awards that are granted to FPL Group's named executives are subject to time and performance-based vesting conditions. Shares of restricted stock which would otherwise vest strictly upon the passage of time do not vest unless FPL Group's adjusted earnings for the most recently-completed year, as certified by the Compensation Committee, equal or exceed a level designated by the Committee prior to the beginning of the year. FPL Group's adjusted earnings exceeded that level in 2007, resulting in the vesting of restricted stock as set forth in the aggregate in *Table 4: 2008 Option Exercises and Stock Vested*, and in 2008.

**Table of Contents**

In addition, because the Compensation Committee intends for the grant date present value of restricted stock awards to equal the fair market value of an equivalent number of shares of the Company's common stock absent the vesting condition, equivalent dividends are paid on restricted stock awards as and when dividends are paid on the common stock. In connection with certain accounting guidance relating to the treatment to be applied to nonforfeitable dividends, and to enhance the retention feature of restricted stock awards, the Compensation Committee determined in February 2009 that any dividends paid to the named executives on restricted stock awards granted after January 2007 that do not vest must be repaid by the executive within 30 days following the forfeiture of the award.

See *Table 2: 2008 Grants of Plan-Based Awards* for information about the restricted stock awarded to the NEOs in 2008 and the description following that table for information about the material terms and conditions applicable to those restricted stock awards.

***Non-Qualified Stock Option Awards***

The Compensation Committee grants non-qualified stock options, rather than incentive stock options, primarily because the tax treatment of non-qualified stock options is more favorable to the Company than the treatment of incentive stock options. In 2008 stock options were not granted to employees other than executive officers. See *Table 2: 2008 Grants of Plan-Based Awards* for information about the stock options granted to the NEOs in 2008, and the description following that table for further information about the material terms and conditions applicable to stock options.

***Performance Share Awards***

Each named executive is granted a target number of performance shares each year, with the performance period over which the shares may be earned beginning on January 1 in the year of grant and ending on December 31 of the year which is two years after the year of grant (e.g., January 1, 2008 through December 31, 2010). At the end of the performance period, the average of the named executive's Total Performance-Based Adjustments (FPL Group performance rating times individual performance factor) under the Annual Incentive Plan for the three years in the performance period (with a maximum of 160%) is multiplied by the NEO's target number of shares to determine the number of shares of FPL Group common stock to be issued.

The following illustrates the calculation for the performance shares paid out for the performance period ended December 31, 2008:

$$\begin{aligned} \text{Number of shares issued} = & \text{target number of performance shares} \times \text{the lesser of: (a) (2006 Total} \\ & \text{Performance-Based Adjustment} + \text{2007 Total Performance-Based} \\ & \text{Adjustment} + \text{2008 Total Performance-Based Adjustment)/3 or} \\ & \text{(b) 160\%} \end{aligned}$$

During the performance period no shares are issued, the named executive may not sell or transfer his contingent right to receive performance shares and dividends are not paid. As a consequence, the value of the performance shares on the date of grant is less than the fair market value of the target number of shares. See *Table 2: 2008 Grants of Plan-Based Awards* for information about the performance shares awarded to the NEOs in 2008, and *Table 4: 2008 Option Exercises and Stock Vested* for information about the performance shares issued for the three-year performance period which began on January 1, 2006 and ended on December 31, 2008. See also the description following *Table 2* for further information about the material terms and conditions applicable to performance shares.

***Stock Ownership and Retention Policies***

One of the reasons that FPL Group provides equity-based awards is to align named executives' interests with those of the Company's shareholders. The Company believes it is important for executive officers to accumulate a significant amount of FPL Group common stock. FPL Group's named executives (and all other

**Table of Contents**

executives) are subject to a stock ownership policy and, until the required ownership level is reached, a stock retention policy, which the Company believes strongly reinforce FPL Group's executive compensation philosophy and objectives. At the same time, the Company recognizes that the accumulation of a large, undiversified position in FPL Group common stock can at some point create undesired incentives, and it permits its officers some degree of diversification once the target level of holdings is reached.

Under the stock ownership policy, officers are expected, within three years after election to office, to own FPL Group common stock with a value of a multiple of their base salaries. Shares of FPL Group common stock or share units held in FPL Group's employee benefit plans and deferred compensation plan are credited toward meeting this requirement. Shares subject to options do not count toward the calculation of required holdings until the options are exercised. In 2008, the Compensation Committee significantly increased the number of shares which must be owned under the stock ownership policy for the CEO (increased from three to seven times base salary rate) and for senior executive officers (increased from two to three times base salary rate). The current multiples are as follows:

Chief Executive Officer	seven times base salary rate
Senior executive officers	three times base salary rate
Other officers	one times base salary rate

As of December 31, 2008, all named executives complied with the Company's stock ownership requirements, as shown in the following table. Mr. Pimentel, who commenced employment with the Company in February 2008, has until 2011 to meet the applicable requirement. Information is omitted with respect to Mr. Dewhurst, who retired in May 2008 and was not subject to the stock ownership requirements on December 31, 2008.

Named Executive Officer	Target Number of Shares Under Stock Ownership Policy(1)	Shares Owned(2)
Lewis Hay, III	174,660	571,264
Armando Pimentel, Jr.(3)	31,294	7,298
James L. Robo	45,063	159,726
Armando J. Olivera	35,449	165,090
John A. Stall	35,168	133,053

(1) Determined based on the closing price of FPL Group common stock of \$50.33 on December 31, 2008.

(2) As of December 31, 2008, computed as required under the stock ownership policy, including shares deferred under the Deferred Compensation Plan, phantom shares in the SERP and, for Mr. Robo, shares underlying a deferred retirement award under the LTIP.

(3) Mr. Pimentel, who commenced employment with the Company in February 2008, has until 2011 to meet the applicable requirement. As of March 2, 2009, Mr. Pimentel owned 21,885 shares.

Under the stock retention policy, until such time as the requirements of the stock ownership policy are met, FPL Group expects executive officers to maintain a net minimum retention ratio of at least two-thirds, determined by dividing the number of shares and share units owned by the number of shares acquired (cumulatively, from date of appointment as an executive officer) through long-term equity incentive plan awards. Shares subject to options do not count toward the calculation of required retention until the options are exercised. Officers who fail to comply with these minimum retention guidelines may not be eligible for future equity-based compensation awards for a two-year period. The chief executive officer may approve the modification or reduction of the minimum retention requirements (other than for himself) to address the special needs of a particular officer. As noted above, among the NEOs only Mr. Pimentel was subject to the Company's stock retention requirements as of December 31, 2008, and he was then in compliance with those requirements.

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**Table of Contents****Benefits****General**

FPL Group provides its executive officers with a comprehensive benefits program which includes health and welfare, life insurance and other personal benefits. For programs to which employees contribute premiums, executive officers pay the same premiums as other exempt employees. Retirement and other post-employment benefits are discussed below under *Post-Employment Compensation*. These benefits are an integral part of the total compensation package for named executives, and the aggregate value is included in the information reviewed by the Compensation Committee annually to ensure reasonableness and appropriateness of total rewards. In addition, FPL Group believes that the intrinsic value placed on personal benefits by the named executives is generally greater than the incremental cost of those benefits to the Company.

**Personal Benefits**

FPL Group provides its named executives with personal benefits not generally available to other employees. In many cases, these personal benefits improve efficiency by allowing the named executives to focus on their critical job responsibilities and/or increasing the hours they can devote to work. Some of these benefits also serve to better secure the safety of the named executives and their families. The personal benefits are intended to promote desired behaviors and/or leverage the NEO's time and have generally been in existence in their present form for many years. The Compensation Committee and Watson Wyatt periodically review the personal benefits offered by the Company to ensure that the program is competitive and producing the desired results. The personal benefits are considered part of the overall executive compensation program and are presented in this light (1) as part of the total compensation package approved by the Compensation Committee at the time of an executive officer's hire or promotion, (2) as part of the Compensation Committee's review of each NEO's annual total compensation and (3) in compensation discussions with executive officers. The Compensation Committee believes the benefits the Company and the individual derive from these personal benefits more than offset their costs.

See footnote 2 to *Table 1b: Supplemental All Other Compensation* for a description of the personal benefits provided to some or all of the named executives.

**Use of Company-Owned Aircraft**

Company aircraft are available to the named executives, as well as other employees and directors, for business travel, which includes, in the judgment of the Company's Governance & Nominating Committee, travel by NEOs to Company-approved outside board meetings and travel in connection with physical examinations. FPL Group permits limited non-business use of Company aircraft by named executives when that use does not interfere with the use of Company aircraft for business purposes. Non-business use is generally discouraged, however, and all non-business travel on Company aircraft must be approved in advance by the CEO. Named executives must reimburse the Company for their non-business use based on the rate prescribed by the IRS for valuing noncommercial flights (which is not the same as the incremental cost to the Company of the flight used for valuation of personal benefits in *Table 1a: Summary Compensation Table* and *Table 1b: Supplemental All Other Compensation*). A named executive traveling on Company aircraft for business purposes may seek approval of the chief executive officer for his guests, spouse and/or other family members to travel on Company aircraft if seating is available on the aircraft, since there is essentially no incremental cost to the Company in this circumstance. Unless their travel is important to carrying out the business responsibilities of the NEO, the Company generally requires reimbursement by the NEO as described above. All non-business use of Company aircraft is reported to and reviewed by the Governance & Nominating Committee annually. In 2008, the named executives' non-business use (as defined by the Company), as well as use in travel to Company-approved outside board meetings and in connection with annual physical examinations, comprised approximately 86 passenger flight hours of a total of approximately 4,754 passenger flight hours for Company aircraft.

## **Table of Contents**

### **Post-Employment Compensation**

#### ***General***

FPL Group expects continued and consistent high levels of individual performance from all executive officers as a condition of continued employment. The Company has in the past terminated the employment of executive officers who were unable to sustain the expected levels of performance, and it would do so in the future should that become necessary.

All of the named executives, with the exception of Mr. Hay, are employees at will. FPL Group does not have in place agreements or arrangements which require the Company to provide post-termination compensation for terminations unrelated to a change in control or potential change in control, retirement, death or disability to any of the named executives except for Mr. Hay. Mr. Hay's employment is governed by an employment agreement. However, FPL Group has a long-standing practice of providing reasonable severance compensation to executive officers terminated other than for cause, and the Compensation Committee makes such determinations on a case-by-case basis, taking into account all relevant circumstances, including the executive officer's past accomplishments, term of employment, reasons for separation, potential risks and the executive's agreement not to compete with the Company or solicit the Company's employees or customers. No such severance was provided to executive officers in 2008.

#### ***Change in Control***

Each of the named executives is a party to an executive retention employment agreement ( *Retention Agreement* ) with the Company, which generally becomes effective upon a change in control. The Compensation Committee has concluded that the Retention Agreements are desirable in order to align NEO and shareholder interests under some unusual conditions, as well as useful and, in some cases, necessary to attract and retain senior executive talent.

The Retention Agreements are designed to become effective only in the event of a change in control. Under these circumstances, it can be extremely important to secure the dedicated attention of executive officers whose personal positions are at risk and who have other opportunities readily available to them. By establishing compensation and benefits payable under various merger and acquisition scenarios, change in control agreements enable the named executives to set aside personal financial and career objectives and focus on maximizing shareholder value. These agreements help to minimize distractions such as the officer's concern about what may happen to his position, and help to keep the officer objective and neutral in analyzing opportunities that may arise. Furthermore, they ensure continuity of the leadership team at a time when business continuity is of paramount concern. Without the Retention Agreements, the Company would have a greater risk of losing key executives in times of uncertainty.



**Table of Contents**

The material terms of the Retention Agreements are described under *Potential Payments Upon Termination or Change in Control*. When the Retention Agreements were initially entered into with the named executives (other than Mr. Pimentel) in 2002, the Compensation Committee believed that the payment and benefit levels were generally consistent with similar existing agreements entered into by comparable companies and approved the following terms for the following reasons:

<b>Term</b>	<b>Reason</b>
Agreement becomes effective on, among other things, the date a merger agreement is signed or the incumbent directors cease to constitute a majority of the Board	Taking into account the relatively long period of time it takes to obtain all approvals required in a business combination involving a utility, this is the appropriate time to begin a retention/protection period
Three year employment period [Two years for Mr. Stall]	Not considered a long period of time in the business environment
Severance amount/benefit continuation	Considered typical for senior executives
Accelerated vesting of equity	Considered a retention incentive and typical for senior executives
In conjunction with amendments to the Retention Agreements executed in December 2008 in order to comply with Internal Revenue Code section 409A ( section 409A ), each NEO s Retention Agreement (other than Mr. Pimentel s, which already contained the provision) was amended to provide for a cutback, rather than gross-up, if the severance amount due to the NEO under the agreement is more than 100%, but less than 110%, of the applicable Internal Revenue Code section 280G ( section 280G ) parachute payment amount. This amendment, which the NEOs voluntarily agreed to accept, potentially reduces the amount the Company will be required to pay following a change in control, while providing the NEOs with substantially all of the income stream which they expected to receive absent the change in control.	

***Employment Agreement with Chief Executive Officer***

The Company is a party to an agreement with Mr. Hay (the Hay Agreement ) that provides for his continued employment as Chairman and CEO of FPL Group and for certain payments and benefits in the case of termination of his employment other than for cause or upon a change in control. Obligations in the event of a change in control are governed by Mr. Hay s Retention Agreement, which supersedes the Hay Agreement in the event of a change in control. The Compensation Committee approved the Hay Agreement because the Committee believed that it was in the Company s interest to more formally secure the services of a high-performing and valuable leader and to lessen the risk that Mr. Hay s services would be successfully sought by another company. In addition, the Hay Agreement binds Mr. Hay to non-solicitation and confidentiality agreements which are valuable to the Company.

The Compensation Committee believes that the terms of the Hay Agreement, which were negotiated with Mr. Hay and are more fully described under *Employment Agreement with CEO* following *Table 2: 2008 Grants of Plan-Based Awards*, are, on the whole, comparable to similar agreements at competitor and peer companies, and comparable to what Mr. Hay would likely be offered should he choose to seek employment elsewhere. At the time that the Hay Agreement was originally entered into in 2005, the Compensation Committee reviewed the estimated value of the termination benefits set forth therein, and was advised by its outside counsel that the severance formula and overall design of the agreement were in the middle of the range of practices for severance for chief executive officers of U.S. public companies.

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**Table of Contents*****Retirement Programs******Employee Pension Plan and 401(k) Plan***

FPL Group maintains two retirement plans which qualify for favorable tax treatment under the Internal Revenue Code: a non-contributory defined benefit pension plan and a defined contribution 401(k) plan. These plans are available to substantially all FPL Group employees. Each of the named executives participates in both plans. The 401(k) plan is more fully described following *Table 2: 2008 Grants of Plan-Based Awards* and the pension plan is more fully described following *Table 5: Pension Benefits*.

***Supplemental Executive Retirement Plan ( SERP )***

Current tax laws place various limits on the benefits payable under tax-qualified retirement plans, such as FPL Group's defined benefit plan and 401(k) plan, including a limit on the amount of annual compensation that can be taken into account when applying the plans' benefit formulas. Therefore, the retirement incomes provided to the named executives by the qualified plans generally constitute a smaller percentage of final pay than is typically the case for other Company employees. In order to make up for this shortfall and maintain the market-competitiveness of FPL Group's executive retirement benefits, FPL Group maintains an unfunded, nonqualified SERP for its executive officers, including the named executives. For the named executives, compensation included under the SERP is annual base salary plus the annual cash incentive award, unlike the qualified plans which includes base salary only. FPL Group believes it is appropriate to include annual cash incentive awards for purposes of determining retirement plan benefits (both defined benefit and 401(k)) for the named executives in order to ensure that the named executives can replace in retirement a proportion of total compensation similar to that replaced by other employees participating in the Company's defined benefit and 401(k) plans, bearing in mind that base pay alone comprises a relatively smaller percentage of a named executive's total compensation.

In connection with the hiring of Mr. Pimentel in February 2008, the Compensation Committee approved a supplement to the SERP which provided Mr. Pimentel with an opening SERP cash balance account balance of \$150,000, and in addition provided that \$150,000 would be added to his SERP cash account balance on each of the first and second anniversaries of his hiring. The Compensation Committee approved these actions in order to partially offset the significant benefits that Mr. Pimentel forfeited from his prior employer in order to accept the Company's offer of employment. Mr. Pimentel's SERP balance will not vest until he completes five years of service with the Company.

For additional information about the defined benefit plan benefit formulas under the SERP, see *Table 5: Pension Benefits* and accompanying descriptions.

As described in the Compensation Discussion & Analysis section of the Company's 2008 proxy statement, at the end of 2007 the Compensation Committee approved the termination of the Company's split-dollar life insurance program. In February 2008, phantom shares substantially equivalent in value to the value of each named executive's split dollar policy on the termination date were deposited in the defined contribution (or 401(k)) portion of the NEOs' SERP accounts. Mr. Dewhurst, who did not participate in the split dollar program, did not receive that credit.

***Individual SERP arrangement for Mr. Hay***

In early 2002, FPL Group entered into an agreement to provide Mr. Hay with a defined benefit retirement benefit that is competitive with those of other CEOs in order to encourage Mr. Hay to remain with the Company until a mutually agreed-upon retirement date. The Compensation Committee concluded that it was desirable to provide separate supplemental retirement benefits for Mr. Hay which provide a targeted final retirement benefit at normal retirement age at a higher percentage of covered pre-retirement earnings than the SERP would otherwise provide. For additional information, see *Table 5: Pension Benefits* and the accompanying discussion.

## **Table of Contents**

In 2005, Watson Wyatt reviewed Mr. Hay's individual SERP agreement and advised the Compensation Committee that his target retirement benefits are consistent with those provided other CEOs in the energy services industry, and are within competitive ranges for general industry. Furthermore, the consultants concluded that the definitions in the individual SERP agreement for final average pay, income replacement percentages and early retirement reduction factors are within normal ranges of competitive practice.

### *Deferred Compensation Plan*

FPL Group sponsors a non-qualified, unfunded Deferred Compensation Plan, which allows eligible highly-compensated employees, including the named executives, to voluntarily and at their own risk elect to defer certain forms of compensation prior to the compensation being earned and vested. FPL Group makes this opportunity available to its highly-compensated employees as a financial planning tool and an additional method to save for retirement. Deferrals by executive officers generally result in the Company deferring its obligation to make cash payments or issue shares of its common stock to those executive officers.

The Compensation Committee does not view the Deferred Compensation Plan as providing executives with additional compensation. Deferred cash compensation is credited to a recordkeeping account that provides investment opportunities which mirror the Company's 401(k) plan investment choices. As with the 401(k) plan, Deferred Compensation Plan participants bear the investment risk. Deferred performance shares are credited to a second form of recordkeeping account, and an amount equal to the value of ordinary dividends, plus interest thereon, is credited quarterly. Participants in the Deferred Compensation Plan are general creditors of the Company and the deferral of the payment obligation provides a financial advantage to the Company.

### **Tax and Accounting Considerations**

The Compensation Committee carefully considers the tax impact of the Company's compensation programs on FPL Group as well as on the named executives. However, the Compensation Committee believes that decisions regarding executive compensation should be primarily based on whether they result in positive long-term value for the Company's shareholders and other important stakeholders. For example, the Compensation Committee has considered the impact of tax provisions such as section 162(m) in structuring FPL Group's executive compensation program and, to the extent reasonably possible in light of its compensation goals and objectives, the compensation paid to the NEOs has been structured so as to qualify as qualified performance-based compensation deductible by the Company for federal income tax purposes under section 162(m). However, in light of the competitive nature of the market for executive talent, the Compensation Committee believes that it is more important to ensure that the named executives remain focused on building shareholder value than to use a particular compensation practice or structure solely to ensure tax deductibility. Therefore, in some cases the compensation paid to named executives is nondeductible, including in 2008 a portion of Mr. Hay's base salary, the value of certain of Mr. Hay's personal benefits and dividends accruing on Mr. Hay's unvested restricted stock, which the Committee believes is appropriate and immaterial.

The Compensation Committee reviewed the effects of changes in the tax rules applicable to deferred compensation (section 409A), and in 2008 made the necessary amendments to affected Company plans and programs.

In addition, as part of its determination in February 2009 that dividends paid to the named executives on restricted stock awards granted after January 2007 that are forfeited prior to vesting must be repaid by the executive, the Compensation Committee considered that the failure to impose a dividend repayment requirement or similar provision could have an adverse effect on the Company's earnings per share commencing in 2009 as a result of the Company's implementation in January 2009 of the Financial Accounting Standards Board's Emerging Issues Task Force Issue No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*.

**Table of Contents**

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management, counsel and its compensation consultants the Compensation Discussion & Analysis required by applicable SEC rules which precedes this Report, and, based on its review and those discussions, the Committee recommended to the Board that the Compensation Discussion & Analysis set forth above be included in the Company's proxy statement for the 2009 Annual Meeting of Shareholders.

Respectfully submitted,

Sherry S. Barrat, Chair

Robert M. Beall, II

James L. Camaren

J. Brian Ferguson

Toni Jennings

Paul R. Tregurtha

**Table of Contents**

When reviewing the narrative, tables and footnotes which follow, note that, in order to meet the goals and objectives of FPL Group's executive compensation program as described in *Compensation Discussion & Analysis*, the Compensation Committee primarily focuses on, and values, each named executive's total compensation opportunity at the beginning of the relevant performance periods. Since many elements of total compensation are variable based on performance and are not paid to the named executive for one, two or three years (and in some instances longer) after the compensation opportunity is first determined, the amounts reported in *Table 1a: Summary Compensation Table* and in other tables in this proxy statement in some cases reflect compensation decisions made prior to 2008 and in some cases reflect amounts different from the amounts that may ultimately be paid.

**Table 1a: Summary Compensation Table**

The table below provides certain information about the compensation paid to, or accrued on behalf of, the named executives. It is important to keep in mind the following when reviewing the table:

- (1) The **Salary** column includes the base salary for each NEO in 2008, 2007 and 2006 (other than Mr. Pimentel, who began employment in 2008).
- (2) The **Bonus** column contains zeroes for all NEOs other than Mr. Pimentel, because no discretionary bonuses were paid with respect to 2008, 2007 or 2006 to any NEO, other than a signing bonus paid to Mr. Pimentel in 2008 in connection with his commencement of employment with the Company. The amounts which would have, in years prior to 2006, been listed in the **Bonus** column, now appear in the column headed **Non-Equity Incentive Plan Compensation**.
- (3) The amounts shown in the **Stock Awards** and the **Option Awards** columns are based on the amounts accrued by the Company under applicable accounting rules for all unvested equity compensation awards held by each NEO in 2008, 2007 and 2006, respectively. This includes equity compensation awarded in prior years. As more fully described in *Compensation Discussion & Analysis*, the Compensation Committee considers the value of compensation *awarded* annually, rather than the value *accrued* in any one year, in making compensation determinations. See the column entitled **Grant Date Fair Value of Stock and Option Awards** in *Table 2: 2008 Grants of Plan Based Awards* for the value of 2008 equity compensation awards determined substantially in the manner considered by the Compensation Committee in its 2008 compensation determinations.
- (4) The **Change in Pension Value and Nonqualified Deferred Compensation Earnings** column reflects the actuarially-determined change in the present value of the pension benefit payable to each NEO in the applicable year. The Compensation Committee considers estimated year-to-year comparisons of pension benefits determined substantially in this manner prior to the beginning of each year.
- (5) The amounts shown in the **Total** column more closely align with the accounting or expense view of NEO compensation than with the Compensation Committee's philosophy of looking at the value of the total compensation opportunity afforded to each named executive at the beginning of each year, which is described in more detail in *Compensation Discussion & Analysis*.

**Table of Contents****Table 1a: Summary Compensation Table**

Name and Principal Position(a)	Year (b)	Salary (\$)(c)	Bonus (\$)(d)	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total (\$)(j)
				(3)(4) (\$)(e)	(3)(11) (\$)(f)	(18)(19) (\$)(g)	(19)(20) (\$)(h)	(19)(21) (\$)(i)	
Lewis Hay, III Chairman and CEO of FPL Group and Chairman of FPL	2008	\$ 1,255,800	\$ 0	\$ 6,646,645(5)	\$ 680,924(12)	\$ 2,400,000	\$ 0	\$ 557,175	\$ 11,540,544
	2007	1,207,500	0	5,529,971	510,239	2,000,000	910,388	345,719	10,503,817
	2006	1,150,000	0	4,692,685	500,120	1,989,500	882,060	295,563	9,509,928
Moray P. Dewhurst Former VP, Finance and CFO of FPL Group and SVP, Finance and CFO of FPL	2008	260,102(1)	0	609,755(6)	314,380(13)	263,198	54,131	69,410	1,570,976
	2007	556,394	0	1,446,516	291,026	574,199	147,100	80,089	3,095,324
	2006	537,579	0	1,240,532	296,890	574,134	105,425	81,987	2,836,547
Armando Pimentel, Jr. Executive VP, Finance and CFO of FPL Group and Executive VP, Finance and CFO of FPL	2008	446,250(2)	50,000	287,139(7)	52,756(14)	657,825	192,340	53,417	1,739,727
James L. Robo President and COO of FPL Group	2008	756,000	0	2,074,270(8)	442,519(15)	1,082,592	200,977	273,465	4,829,823
	2007	700,000	0	1,624,390	317,613	957,600	150,621	202,670	3,952,894
	2006	551,221	0	1,302,986	296,890	744,700	110,285	118,867	3,124,949
Armando J. Olivera President and CEO of FPL	2008	594,700	0	1,507,190(9)	360,759(16)	636,924	205,540	318,640	3,623,753
	2007	567,758	0	1,254,505	291,026	651,786	378,399	111,086	3,254,560
	2006	551,221	0	1,184,272	294,945	501,612	490,406	115,678	3,138,134
John A. Stall President, Nuclear Division of FPL Group and Executive VP Nuclear Division of FPL(22)	2008	590,000	0	1,180,645(10)	187,661(17)	644,280	137,002	194,871	2,934,459
	2007	508,040	0	941,428	146,143	448,091	155,578	115,727	2,315,007
	2006	493,243	0	894,661	148,443	411,365	153,567	110,476	2,211,755

- (1) Mr. Dewhurst transitioned from the role of Chief Financial Officer on May 3, 2008 and retired effective May 30, 2008. The salary shown is the salary earned by Mr. Dewhurst prior to his retirement, and is not annualized.
- (2) Mr. Pimentel was appointed Vice President, Finance of FPL Group and Florida Power & Light on February 15, 2008 and became the Chief Financial Officer of FPL Group and Florida Power & Light effective May 3, 2008. The salary shown is the salary earned by Mr. Pimentel in 2008. His his base salary rate in 2008 was \$525,000.
- (3) The values shown are based on the amounts FPL Group expensed during the relevant year under applicable accounting rules for each NEO's unvested equity-based compensation awards. These amounts were not realized by the NEOs during such year, and the value of awards which vest at a later date is likely to be different from the amount listed, based on, among other things, the performance of the Company and the price of the Company's common stock.

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See *Table 4: 2008 Option Exercises and Stock Vested* for the value of the NEOs' equity awards which vested in 2008. The applicable accounting rules are those set forth in Statement of Financial Accounting Standards No. 123 (revised), Share-Based Payments ( FAS 123R ). Under FAS 123R, the Company calculates the grant-date fair value of equity-based compensation and amortizes it over the vesting period (using the straight-line amortization method for awards with graded vesting schedules as well as for awards with cliff vesting schedules). The expense recognized during the applicable year for each NEO therefore reflects the partial amortization of equity awards granted during such year plus the partial amortization of equity awards granted in earlier years which were not yet vested (or which became vested) during the applicable year. See Note 12 Common and Preferred Stock *Stock-Based Compensation* to the consolidated financial statements in the Company's Annual Report on Form 10-K for the years ended December 31, 2008, 2007 and 2006, and Note 12 Common Stock *Long-Term Incentive Plan* to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 for the assumptions used in this valuation. In accordance with SEC rules, the amounts in these columns reflect the actual FAS 123R accounting cost without reduction for estimated forfeitures.

- (4) Includes restricted stock awards and performance share awards. As described in footnote (3) above, performance share awards are valued using the actual FAS 123R accounting costs. The performance rating assumption used for expensing all performance share awards under FAS 123R is 1.40 (i.e., target shares multiplied by 1.40); although the accounting valuation assumes a certain level of future performance, the actual value of the shares at payout could be different based on actual performance and the Company's stock price. An amount equal to the value of the difference

**Table of Contents**

between the assumed and actual rating (the true-up amount), if any, is expensed (or credited) in the year the performance shares are issued (which is the year after the year in which the applicable performance period ends). The true-up amount expensed in 2008 and 2007 (reflecting performance shares issued for the performance period ending 12/31/2007 and 12/31/2006, respectively) with respect to each NEO is included in the table. True-up amounts expensed in 2006 (reflecting performance shares issued for the performance period ending 12/31/2005, the full value of which shares was set forth in the Summary Compensation Table in the Company's proxy statement for its 2006 Annual Meeting of Shareholders) are not so included, and were as follows: Mr. Hay \$564,779; Mr. Dewhurst \$149,590; Mr. Robo \$131,064; Mr. Olivera \$44,691; and Mr. Stall \$18,454.

- (5) Stock awards for Mr. Hay include the amount expensed under FAS 123R for: (a) 2008: 20,000, 44,666, 46,905 and 51,694 shares of restricted stock granted on 3/7/2003, 2/16/2006, 2/15/2007 and 2/15/2008, respectively; and 58,837, 44,534 and 44,765 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 40,000, 12,834, 20,000, 67,000 and 46,905 shares of restricted stock granted on 3/7/2003, 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and 58,808, 58,837 and 44,534 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/3/2005, 1/1/2006 and 2/15/2007, respectively; and (c) 2006: 7,500, 60,000, 25,666, 40,000 and 67,000 shares of restricted stock granted on 2/13/2003, 3/7/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively; and 62,616, 58,808 and 58,837 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/12/2004, 1/3/2005 and 1/1/2006, respectively. Vesting of these shares is subject to the attainment of performance targets.
- (6) Stock awards for Mr. Dewhurst include the amount expensed under FAS 123R for (a) 2008: 10,000 and 7,837 shares of restricted stock granted on 2/16/2006 and 2/15/2007 respectively; dividends related to 2,000, 4,987 and 13,341 shares of forfeited restricted stock granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; 10,550, 4,606 and 1,398 performance shares at target (before multiplying by a performance rating assumption, as set forth in footnote (4), adjusted for actual service with the Company) granted on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; 2,577, 5,188 and 8,804 forfeited performance shares from grants on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; a credit for 23,946 shares forfeited under a deferred retirement award granted on 2/16/2006; and (b) 2007: 3,334, 6,666, 18,000 and 12,824 shares of restricted stock granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; 23,946 shares under a deferred retirement award granted on 2/16/2006; and 14,578, 13,127 and 9,794 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/3/2005, 1/1/2006 and 2/15/2007, respectively; and (c) 2006: 3,334, 6,666, 13,332 and 18,000 shares of restricted stock granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively; 23,946 shares under a deferred retirement award granted on 2/16/2006; and 16,730, 14,578 and 13,127 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/12/2004, 1/3/2005 and 1/1/2006, respectively. Vesting of these shares is generally subject to the attainment of performance targets.
- (7) Stock awards for Mr. Pimentel include the amount expensed under FAS 123R for: 7,298 shares of restricted stock from a grant on 2/15/2008 and 5,493 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/15/2008. Vesting of these shares is subject to the attainment of performance targets.
- (8) Stock awards for Mr. Robo include the amount expensed under FAS 123R for (a) 2008: 11,333, 14,920 and 16,480 shares of restricted stock granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; 47,893 shares under a deferred retirement award granted on 2/16/2006; and 13,460, 12,321 and 14,126 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 3,334, 6,666, 17,000 and 14,920 shares of restricted stock granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; 47,893 shares under a deferred retirement award granted on 2/16/2006; and 14,326, 13,460 and 12,321 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/3/2005, 1/1/2006 and 2/15/2007, respectively; and (c) 2006: 3,334, 6,666, 13,332 and 17,000 shares of restricted stock granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively; 47,893 shares under a deferred retirement award granted on 2/16/2006; and 15,364, 14,326 and 13,460 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/12/2004, 1/3/2005 and 1/1/2006, respectively. With the exception of the deferred retirement award, vesting of these shares is subject to the attainment of performance targets.
- (9) Stock awards for Mr. Olivera include the amount expensed under FAS 123R for (a) 2008: 11,333, 12,070 and 11,772 shares of restricted stock granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; and 13,460, 9,994 and 10,202 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 5,334, 6,666, 17,000 and 12,070 shares of restricted stock granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and 14,326, 13,460 and 9,994 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/3/2005, 1/1/2006 and 2/15/2007, respectively; and (c) 2006: 5,334, 5,000, 10,666, 13,332 and 17,000 shares of restricted stock granted on 2/13/2003, 10/17/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively; and 15,364, 14,326 and 13,460 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/12/2004, 1/3/2005 and 1/1/2006, respectively. Vesting of these shares is subject to the attainment of performance targets.
- (10) Stock awards for Mr. Stall include the amount expensed under FAS 123R for (a) 2008: 10,000, 8,000, 8,524 and 11,772 shares of restricted stock granted on 6/17/1996, 2/16/2006, 2/15/2007 and 2/15/2008, respectively; and 10,324, 7,665 and 7,848 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 1/1/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 10,000, 4,000, 4,666, 12,000 and 8,524 shares of restricted stock granted on 6/17/1996, 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and 11,302, 10,324 and 7,665 performance shares at target (before



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multiplying by 1.40 as set forth in footnote (4)) granted on 1/3/2005, 1/1/2006 and 2/15/2007, respectively; and (c) 2006: 10,000, 3,334, 3,334, 8,000, 9,332 and 12,000 shares of restricted stock granted on 6/17/1996, 10/18/2002, 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively; and 11,790, 11,302 and

**Table of Contents**

10,324 performance shares at target (before multiplying by 1.40 as set forth in footnote (4)) granted on 2/12/2004, 1/3/2005 and 1/1/2006, respectively. Vesting of these shares is subject to the attainment of performance targets.

(11) Non-qualified stock options valued on the dates of grant using the Black-Scholes option pricing model with the following variables: All values include the effect of a two-for-one stock split on March 15, 2005.

Description	Market	Strike	Volatility	Yield	Interest Rate	Expected Life	Black-Scholes
For the 2/13/2003 grant:	\$ 27.56	\$ 27.56	19.98%	3.96%	3.64%	7 yr.	\$ 4.20
For the 2/12/2004 grant:	\$ 32.46	\$ 32.46	20.11%	3.93%	3.78%	7 yr.	\$ 5.10
For the 1/3/2005 grant:	\$ 36.95	\$ 36.95	20.00%	3.68%	4.08%	7 yr.	\$ 6.30
For the 2/16/2006 grant:	\$ 41.76	\$ 41.76	19.56%	3.40%	4.60%	6 yr.	\$ 7.46
For the 2/15/2007 grant:	\$ 59.05	\$ 59.05	16.60%	2.54%	4.64%	6 yr.	\$ 10.96
For the 2/15/2008 grant:	\$ 64.69	\$ 64.69	17.33%	2.75%	3.24%	6 yr.	\$ 9.90

Stock option compensation expense varies based upon the grant date fair value of the stock, expected life of the option, dividend yield, risk-free interest rate and volatility of the stock price. In 2006, FPL Group revised its expected life of the option assumption based on the actual historical exercise practices of its optionees.

(12) Option awards for Mr. Hay include the amount expended for (a) 2008: 90,000, 62,531 and 75,596 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 50,000, 33,334, 90,000 and 62,531 non-qualified stock options granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and (c) 2006: 50,000, 100,000, 66,667 and 90,000 non-qualified stock options granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively.

(13) Option awards for Mr. Dewhurst include the amount expended for (a) 2008: 46,028, 24,762 and 6,898 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; 3,972, 11,072 and 32,342 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively, were forfeited in 2008; (b) 2007: 33,334, 20,000, 50,000 and 35,834 non-qualified stock options granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and (c) 2006: 33,334, 66,667, 40,000 and 50,000 non-qualified stock options granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively.

(14) Option awards for Mr. Pimentel include the amount expended for 2008: 17,440 non-qualified stock options granted on 2/15/2008.

(15) Option awards for Mr. Robo include the amount expended for (a) 2008: 50,000, 43,773 and 52,320 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 33,334, 20,000, 50,000 and 43,773 non-qualified stock options granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and (c) 2006: 33,334, 66,667, 40,000 and 50,000 non-qualified stock options granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively.

(16) Option awards for Mr. Olivera include the amount expended for (a) 2008: 50,000, 35,834 and 34,880 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 33,334, 20,000, 50,000 and 35,834 non-qualified stock options granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and (c) 2006: 16,666, 66,667, 40,000 and 50,000 non-qualified stock options granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively.

(17) Option awards for Mr. Stall include the amount expended for (a) 2008: 25,000, 18,105 and 19,620 non-qualified stock options granted on 2/16/2006, 2/15/2007 and 2/15/2008, respectively; (b) 2007: 16,666, 10,000, 25,000 and 18,105 non-qualified stock options granted on 2/12/2004, 1/3/2005, 2/16/2006 and 2/15/2007, respectively; and (c) 2006: 16,666, 33,333, 20,000 and 25,000 non-qualified stock options granted on 2/13/2003, 2/12/2004, 1/3/2005 and 2/16/2006, respectively.

(18) Non-equity incentive plan compensation is the amount earned by each named executive in 2008 under the Annual Incentive Plan and in 2007 and 2006 under a predecessor annual incentive plan. The amount earned by Mr. Dewhurst has been adjusted for actual service in 2008. For 2008, other than with respect to Mr. Dewhurst, half of the amount set forth above was paid in cash and the other half was paid through a grant of unrestricted shares of the Company s

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common stock under the LTIP. For additional information about these awards, see *Table 2: 2008 Grants of Plan-Based Awards and Compensation Discussion & Analysis*.

- (19) FPL Group maintains both defined benefit and defined contribution retirement plans (as described in *Compensation Discussion & Analysis Post-Employment Compensation Retirement Programs Supplemental Executive Retirement Plan*). Values for Company contributions to defined benefit and defined contribution retirement plans (both qualified and nonqualified) are split between columns (h) and (i), respectively.
- (20) All amounts in this column (other than the amounts specified below for certain earnings on deferred compensation) reflect the one-year change in the actuarial present value of each named executive's accumulated benefit under the tax-qualified defined benefit employee pension plan and the SERP. In 2008, FPL Group changed its pension measurement date from September 30 to December 31. In light of this change, 2008 amounts have been annualized (thereby adjusting the 15 month period to a 12 month period) with respect to all NEOs other than Mr. Pimentel.
- a) For Messrs. Pimentel and Robo, the amounts are calculated by subtracting from their respective accrued pension benefits (which are equal to their respective cash balance account balances in the employee pension plan and in the SERP) at the pension plan

**Table of Contents**

measurement date used for financial statement reporting purposes for the year shown (for 2008, that date is December 31, 2008 and, for the other years shown, September 30 of that year) their respective accrued pension benefits at the pension plan measurement date for the prior year (annualized for Mr. Robo as described above for 2008). Since Mr. Pimentel was first employed by the Company in 2008, his accrued pension benefit at the beginning measurement date was \$0.

b) For Mr. Dewhurst, the amounts are calculated by subtracting from his accrued pension benefit (which is equal to his cash balance account balance in the employee pension plan plus his account balance in the SERP) at the pension plan measurement date for the year shown his accrued pension benefit at the pension plan measurement date for the prior year (annualized as described above for 2008). In 2008 only, the SERP portion is calculated by subtracting the accrued benefit (which is the cash balance account balance in the SERP) at September 30, 2007 from the present value at December 31, 2008 of the \$2,605 monthly single life annuity benefit that Mr. Dewhurst began receiving on December 1, 2008, annualized as described above. The following assumptions were used for determining the present value at December 31, 2008 of the future SERP annuity payments: discount rate of 6.90% and the 2009 Pension Protection Act ( PPA ) male annuitant mortality rates.

c) For Messrs. Hay, Olivera and Stall, the amounts are calculated by subtracting from the estimates of each officer's accrued benefit (payable at age 65) in the defined benefit plans at the pension plan measurement date for the year shown the estimates of each officer's accrued benefit (payable at age 65) in the defined benefit plans at the pension plan measurement date for the prior year. These estimates are based on the number of years of credited service shown in *Table 5: Pension Benefits* and on each officer's current covered compensation. After calculating the accrued benefits at the pension plan measurement date for the year shown and at the pension plan measurement date for the prior year in the form of annuities payable at age 65, the annuity values are converted to lump sum values payable at age 65 (annualized as described above for 2008). These calculations are performed using assumptions consistent with those used by FPL Group's actuaries to calculate plan disclosures under generally accepted accounting principles. The specific interest rates and other assumptions used to estimate these values are as follows:

For 2008: (i) the discount rate on September 30, 2007 was 6.00%, (ii) the discount rate on December 31, 2008 was 6.90%; (iii) lump sum amounts were calculated using a 6.50% discount rate and Revenue Ruling 2007-67 mortality rates; and (iv) assumed retirement age is 65 and no pre-retirement decrements are assumed.

For 2007: (i) the discount rate on September 30, 2006 was 5.70%, (ii) the discount rate on December 31, 2007 was 6.00%; (iii) lump sum amounts were calculated using a 5.75% discount rate and Revenue Ruling 2007-67 mortality rates; and (iv) assumed retirement age is 65 and no pre-retirement decrements are assumed.

For 2006: (i) the discount rate on September 30, 2005 was 5.50%, (ii) the discount rate on December 31, 2006 was 5.70%; (iii) lump sum amounts were calculated using a 5.50% discount rate and Revenue Ruling 2001-62 mortality rates; and (iv) assumed retirement age is 65 and no pre-retirement decrements are assumed.

In 2008, the change in pension value for Mr. Hay was a decrease of \$110,725; therefore in accordance with applicable SEC rules, the amount set forth in the Summary Compensation Table is \$0.

The Deferred Compensation Plan permits deferral of salary (up to 100%), annual incentive (up to 100%), and performance shares (either 0% or 100%). Deferred cash compensation (salary and annual incentive) is invested in phantom investments which mirror the investment vehicles offered to the participants in the Company's 401(k) plan and are not guaranteed by the Company. Under applicable SEC rules, these earnings are not included in this table.

For 2006, this also includes above-market interest credited to balances accruing as a result of dividend crediting on deferred performance share awards. Such earnings for Messrs. Hay, Dewhurst, Olivera and Stall amounted to \$4,941, \$2,008, \$4,540 and \$2,676, respectively. No above-market interest was credited in 2008 or 2007. Earnings on deferred performance shares are also included in *Table 6: Nonqualified Deferred Compensation*.

(21) Additional information about the amounts set forth in the All Other Compensation column may be found in *Table 1b: Supplemental All Other Compensation*, which immediately follows.

(22) Prior to January 1, 2009, Mr. Stall was the Executive Vice President, Nuclear Division of FPL Group.

**Table of Contents**

The table below (Table 1b) provides additional information regarding column (i) of *Table 1a: Summary Compensation Table*.

**Table 1b: Supplemental All Other Compensation**

Name	Year	Total From Summary Compensation Table (\$)	Contributions to Defined Contribution Plans(1) (\$)	Perquisites and Other Personal Benefits(2) (\$)	Tax Reimbursements(3) (\$)	Life Insurance Premiums(4) (\$)
Lewis Hay, III	2008	\$ 557,175	\$ 324,590	\$ 180,544	\$ 52,041	\$ 0
	2007	345,719	151,806	153,537	32,163	8,214
	2006	295,563	137,138	112,695	31,530	14,200
Moray P. Dewhurst	2008	69,410	39,629	22,852	6,929	0
	2007	80,089	53,684	20,366	5,769	270
	2006	81,987	50,831	21,895	8,991	270
Armando Pimentel, Jr.	2008	53,417	19,937	22,497	10,983	0
James L. Robo	2008	273,465	171,279	81,838	20,348	0
	2007	202,670	68,488	117,390	13,073	3,719
	2006	118,867	58,559	38,360	13,604	8,344
Armando J. Olivera	2008	318,640	259,130	44,556	14,954	0
	2007	111,086	50,781	39,815	13,780	6,710
	2006	115,678	51,771	39,100	12,912	11,895
John A. Stall	2008	194,871	139,163	40,145	15,563	0
	2007	115,727	43,659	54,710	14,300	3,058
	2006	110,476	42,285	44,888	14,512	8,791

- (1) FPL Group maintains both defined benefit and defined contribution retirement plans. Amounts attributable to the defined benefit plans are reported in *Table 1a: Summary Compensation Table* under column (h), Change in Pension Value and Nonqualified Deferred Compensation Earnings. Amounts attributable to the defined contribution plans are reported under All Other Compensation and are further described below under *Additional Disclosure Related to Summary Compensation Table and 2008 Grants of Plan-Based Awards Table*. This column includes employer matching contributions to the Company's qualified 401(k) plan of \$10,925 for 2008 for each NEO, except Messrs. Dewhurst and Pimentel, for whom employer matching contributions of \$5,042 and \$8,404, respectively, were made; \$10,688 for 2007 and \$10,450 for 2006 for each NEO (other than Mr. Pimentel, who was not then employed by the Company), plus the Company's contribution to the non-qualified defined contribution portion of the SERP in each year for each NEO who was then employed by the Company. In connection with the termination of the Company's split-dollar life insurance program at the end of 2007, the Company's contribution to the non-qualified defined contribution portion of the SERP in 2008 included a one-time credit for Messrs. Hay, Robo, Olivera and Stall that was substantially equivalent in value to the cash value of the benefit accrued as of the termination date on behalf of each officer in his respective split dollar life insurance policy.
- (2) This column includes, for each of 2008, 2007 and 2006, the aggregate incremental cost to FPL Group of providing personal benefits to the NEOs. For each NEO, the personal benefits reported for 2008 in this column include: annual premiums for \$5 million in umbrella coverage under a group personal excess liability insurance policy (except for Mr. Dewhurst); up to \$10,000 annual reimbursement for professional financial planning and legal services (and, for Mr. Hay, an additional \$45,999 in legal expenses resulting from Company-initiated amendments to Mr. Hay's employment agreement to comply with Section 409A of the Internal Revenue Code); the cost of the officer's participation in an executive vehicle program which includes use of a Company-leased passenger vehicle, fuel and other ancillary costs; fees paid for travel programs such as airline memberships and hospitality room memberships (except for Messrs. Hay and Dewhurst), and any transactional fees associated with personal travel booked through the Company's travel agents (except for Mr. Robo); costs for maintenance of a residential home security system and central station monitoring (except for Mr. Pimentel); and annual dues and fees for memberships in a luncheon club and, for Messrs. Hay and Robo, country clubs, which are used primarily for business but may also be used personally by the NEOs and their family members. For Messrs. Hay, Olivera and Stall, the personal benefits reported in this column also include the incremental cost to the Company of indemnity medical insurance, which covers 100% of

**Table of Contents**

eligible medical expenses for the officers and, for Messrs. Hay and Stall, their eligible dependents. For Messrs. Dewhurst, Robo and Olivera, the personal benefits reported in this column also include the costs of participation in a voluntary annual physical exam, including lodging costs and related expenses. For Messrs. Hay, Dewhurst, Robo and Olivera, the personal benefits reported in this column also include the incremental cost to the Company for personal use of Company-owned aircraft, which is the variable operating costs of such use, net of payments to the Company by or on behalf of the NEOs (based on reasonable commercial rates), as is generally required by Company policy for such personal use. Variable operating costs include fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs, excise taxes and other miscellaneous variable costs. The total annual variable costs are divided by the annual number of statute miles the Company aircraft flew to derive an average variable cost per mile. The incremental cost incurred was \$42,979 for Mr. Hay and \$39,767 for Mr. Robo. Under SEC rules, personal use of aircraft includes travel undertaken to participate in certain outside board meetings, which the Company views as having a useful business purpose. In addition, for Messrs. Dewhurst, Robo and Olivera, personal use of the aircraft included travel undertaken to participate in a voluntary annual executive physical (which was Mr. Dewhurst's only personal use of the aircraft).

- (3) For each named executive, represents reimbursements for taxes due on income imputed to the officer (in the manner required by the Internal Revenue Code) for participation in the executive vehicle program, for reimbursement of professional financial planning and legal services, for Messrs. Hay and Robo in 2008 and in 2007 for Mr. Hay only, dues and fees for country club memberships, and for Mr. Robo in 2007 only, one-time personal use of a chartered aircraft.
- (4) In 2008, all named executives participated in the Company's life insurance benefit under the broad-based employee life insurance plan. In 2007 and 2006, for each named executive except Mr. Dewhurst, represents annual premiums paid by the Company under its endorsement split dollar life insurance plan, a voluntary program in which Mr. Dewhurst waived participation. This plan was terminated effective December 31, 2007. For Mr. Dewhurst, represents annual premium paid by the Company for basic life insurance benefit under the broad-based employee life insurance plan.

**Table 2: 2008 Grants of Plan-Based Awards**

The table below provides information about the cash and equity incentive compensation awarded to the named executives in 2008. It is important to keep in mind the following when reviewing the table:

- (1) Columns (c), (d) and (e) below set forth the range of possible payouts established in December 2007 under the Annual Incentive Plan for 2008, and are not amounts actually paid to the NEOs. The actual amounts paid with respect to 2008 under the Annual Incentive Plan, which is a Non-Equity Incentive Plan, as that term is used in the heading for columns (c), (d) and (e) of this table, are set forth in *Table 1a: Summary Compensation Table* in column (g), entitled Non-Equity Incentive Plan Compensation.
- (2) The number of shares listed under Estimated Future Payouts Under Equity Incentive Plan Awards (columns (g) and (h)), represent grants of performance shares and restricted stock, an analysis of which is set forth in *Compensation Discussion & Analysis* and the material terms of which are described below this table.
- (3) The number of shares listed under All Other Option Awards: Number of Securities Underlying Options (column (j)) and the exercise price set forth under Exercise or Base Price of Option Awards (column (k)) represent the number and exercise price of non-qualified option grants, an analysis of which is set forth in *Compensation Discussion & Analysis* and the material terms of which are described below this table.
- (4) In the column headed Grant Date Fair Value of Stock and Option Awards (column (l)), the top number is the grant date fair value of the performance share award, the middle number is the grant date fair value of the restricted stock award and the last number is the grant date fair value of the options granted.

**Table of Contents****Table 2: 2008 Grants of Plan-Based Awards**

Name(a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options(3) (#)(j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards(4) (l)
		Threshold (\$)(c)	Target (\$)(d)	Maximum (\$)(e)	Threshold (#)(f)	Target (#)(g)	Maximum (#)(h)				
Lewis Hay, III		\$ 0	\$ 1,255,800	\$ 2,511,600							
	2/15/2008				0	44,765	71,624				\$ 3,704,483(5)
	2/15/2008				0	51,694	51,694				3,344,085(6)
Moray P. Dewhurst(8)		0	412,860	825,720							748,400(7)
	2/15/2008				0	10,202	16,323				844,256(5)
	2/15/2008				0	13,341	13,341				863,029(6)
Armando Pimentel, Jr.		0	367,500	735,000							388,476(7)
	2/15/2008				0	5,493	8,789				454,568(5)
	2/15/2008				0	7,298	7,298				472,108(6)
James L. Robo		0	604,800	1,209,600							172,656(7)
	2/15/2008				0	14,126	22,602				1,168,983(5)
	2/15/2008				0	16,480	16,480				1,066,091(6)
Armando J. Olivera		0	416,290	832,580							517,968(7)
	2/15/2008				0	10,202	16,323				844,256(5)
	2/15/2008				0	11,772	11,772				761,531(6)
John A. Stall		0	413,000	826,000							345,312(7)
	2/15/2008				0	7,848	12,557				649,453(5)
	2/15/2008				0	11,772	11,772				761,531(6)
	2/15/2008							19,620	64.69		194,238(7)

- (1) Non-Equity Incentive Plan awards are paid under the Annual Incentive Plan, the material terms of which are described below. For 2008, half of the amount set forth above was paid in cash and the other half was paid through a grant of unrestricted shares of the Company's common stock under the LTIP in February 2009. See column (g) of *Table 1a: Summary Compensation Table*.
- (2) Each officer was granted awards of performance shares and restricted stock under the LTIP in 2008. Performance shares were granted in 2008 for a three-year performance period ending December 31, 2010. The number of shares which will ultimately be paid to each named executive at the end of the performance period will be determined by multiplying the officer's target number of performance shares by a three-year average of the officer's performance ratings under the Annual Incentive Plan, expressed as a percentage, which may not exceed 160% of the target award. Restricted stock awards granted in 2008 vest at the rate of one-third per year beginning one year from the date of grant, subject to certification by the Compensation Committee each year of the attainment of the FPL Group adjusted earnings goal under the Annual Incentive Plan for the previous year. If the goal is not achieved, the restricted stock which was scheduled to vest is forfeited. See footnotes (5) through (10) to *Table 3: 2008 Outstanding Equity Awards at Fiscal Year End* for further information about the vesting of restricted stock.
- (3) Non-qualified stock options granted under the LTIP. All stock options vest and become exercisable at the rate of one-third per year beginning approximately one year from date of grant and are fully exercisable after three years. See footnote (1) to *Table 3: 2008 Outstanding Equity Awards at Fiscal Year End* for further information about the vesting of stock options. All options were granted at an exercise price of 100% of the closing price of FPL Group common stock on the date of grant.
- (4)

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The amounts shown are based on the value of the equity-based compensation grants as of the 2008 grant dates under applicable accounting rules. These amounts were not realized by the NEOs during 2008, and the value of awards which vest at a later date is likely to be different from the amount listed, based on, among other things, the performance of the Company and the price of the Company's common stock. See *Table 4: 2008 Option Exercises and Stock Vested* for the value of the NEOs' equity awards which vested in 2008. The values determined under applicable accounting rules were calculated pursuant to FAS 123R. Under FAS 123R, the Company calculates the grant-date fair value of equity-based compensation and amortizes it over the vesting period (using the straight-line amortization method for awards with graded vesting schedules as well as for awards with cliff vesting schedules). The expense recognized during 2008 for each NEO therefore reflects the partial amortization of equity awards granted during 2008 plus the partial amortization of equity awards granted in earlier years which were not yet



**Table of Contents**

vested (or which became vested) during 2008. See Note 12 Common and Preferred Stock *Stock-Based Compensation* to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for the assumptions used in this valuation. In accordance with SEC rules, the amounts in these columns reflect the actual FAS 123R accounting cost without reduction for estimated forfeitures.

- (5) As described in footnote (4) above, the grant date fair value of performance share awards was calculated under FAS 123R. This FAS 123R calculation reflects a discount of \$5.58 per share for the 2008 grants because dividends are not paid on performance shares during the three-year performance period. The performance rating assumption used for expensing all performance share awards under FAS 123R is 1.40 (i.e. target shares multiplied by 1.40); although the accounting valuation assumes a certain level of future performance, the actual value at payout could be different based on actual performance.
  
- (6) As described in footnote (4) above, the grant date fair value of restricted stock was calculated under FAS 123R.
  
- (7) As described in footnote (4) above, the grant date fair value of stock option awards was calculated under FAS 123R but without any reductions for estimated forfeitures. The hypothetical values shown for stock option grants were calculated using the Black-Scholes option pricing model, based on the following assumptions: for all options, the volatility is equal to 17.33% and the dividend yield (which represents the per-share annualized dividends as of the grant date divided by the annualized fair market value of the common stock) is equal to 2.75%. The risk-free interest rate is equal to 3.24%, based on the interest rate on a U.S. Treasury zero-coupon bond on the date of grant with a maturity corresponding to the estimated time until exercise of six years. The values do not take into account risk factors such as non-transferability or risk of forfeiture.
  
- (8) Mr. Dewhurst's original award opportunities, prior to being prorated for actual service, are represented in the table above. Upon his retirement, (a) Mr. Dewhurst's performance share awards were prorated for days of service completed and 10,550, 4,606 and 1,398 performance shares will vest on the vesting schedule applicable to each performance share grant, (b) Mr. Dewhurst's restricted stock awards were prorated for full years of service completed and 4,000 and 3,562 shares vested immediately and (c) Mr. Dewhurst's stock option awards were prorated for days of service completed and 12,694, 12,818 and 6,898 options vested immediately. For additional information about the treatment of Mr. Dewhurst's awards upon his retirement, see *Table 1a: Summary Compensation Table*, *Table 3: 2008 Outstanding Equity Awards at Fiscal Year End* and *Table 4: 2008 Option Exercises and Stock Vested*.

***Additional Disclosure Related to Summary Compensation Table and 2008 Grants of Plan-Based Awards Table***

***Material Terms of Performance Shares Granted to NEOs***

three year performance period;

paid in shares of FPL Group common stock, based primarily on the average of the NEO's total performance-based adjustment under the Annual Incentive Plan for each year in the performance period, capped at 160%;

dividends are not paid or accrued during the performance period;