

FPL GROUP INC  
Form 424B5  
September 11, 2006

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Subject to Completion  
Preliminary Prospectus Supplement dated September 11, 2006

**PROSPECTUS SUPPLEMENT**  
**(To prospectus dated September 5, 2006)**

\$  
**Series A Enhanced Junior Subordinated Debentures due 2066**

**The Series A Enhanced Junior Subordinated Debentures  
will be Fully and Unconditionally Guaranteed by  
FPL GROUP, INC.**

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The Series A Enhanced Junior Subordinated Debentures will bear interest at \_\_\_\_\_ % per year. FPL Group Capital will pay interest on the securities on January 1, April 1, July 1 and October 1 of each year, beginning January 1, 2007. The securities will be issued in registered form and in denominations of \$25 and integral multiples thereof. The securities will mature on October 1, 2066.

FPL Group Capital may defer interest payments on the securities on one or more occasions for up to 10 consecutive years as described in this prospectus supplement. Deferred interest payments will accrue additional interest at the same rate at which the Junior Subordinated Debentures bear interest, to the extent permitted by law.

FPL Group Capital may redeem the securities at its option at the times and the prices described in this prospectus supplement.

FPL Group Capital intends to apply to list the securities on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to commence within 30 days after the securities are first issued.

**See “Risk Factors” beginning on page S-8 to read about certain factors you should consider before making an investment in the securities.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	<b>Per Junior Subordinated Debenture</b>	<b>Total</b>
Price to Public (1)		
Underwriting Discount (2)		
Proceeds to FPL Group Capital (before expenses)		

(1) Plus accrued interest, if any, from the date the securities are originally issued, if settlement occurs after that date.

(2) Underwriting commissions of \$        per security (or up to \$        for all securities) will be deducted from the proceeds paid to FPL Group Capital by the underwriters. However, the commission will be \$        per security for sales to institutions. In addition, other expenses of the offering will be paid by FPL Group Capital except as discussed under "Underwriting" in this prospectus supplement.

The securities are expected to be delivered in book-entry only form through The Depository Trust Company, on or about September   , 2006.

\_\_\_\_\_

Merrill Lynch & Co. acted as structuring advisor for this transaction.

*Joint Book-Running Managers*

**Citigroup**

**UBS Investment Bank**

**Merrill Lynch & Co.**

**Wachovia Securities**

**Morgan Stanley**

*Junior Co-Managers*

**A.G. Edwards  
Raymond James**

**Lehman Brothers  
Wells Fargo Securities**

\_\_\_\_\_

The date of this prospectus supplement is September   , 2006.

The information in this preliminary prospectus supplement is not complete and may be changed. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell these securities and neither is soliciting any offer to buy these securities in any jurisdiction where the solicitation, offer or sale is not permitted.

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The accompanying prospectus is part of a registration statement filed with the Securities and Exchange Commission. You should rely only on the information incorporated by reference or provided in this prospectus supplement and in the accompanying prospectus and in any written communication from FPL Group Capital, FPL Group or the underwriters specifying the final terms of the offering. None of FPL Group Capital, FPL Group or the underwriters has authorized anyone else to provide you with additional or different information. None of FPL Group Capital, FPL Group or the underwriters is making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*You should read the following summary in conjunction with the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. This prospectus supplement and the accompanying prospectus contain forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements should be read with the cautionary statements in the accompanying prospectus under the heading “Forward-Looking Statements” and the important factors discussed in this prospectus supplement and in the incorporated documents. To the extent the following information is inconsistent with the information in the accompanying prospectus, you should rely on the following information. You should pay special attention to the “Risk Factors” section beginning on page S-8 of this prospectus supplement to determine whether an investment in these securities is appropriate for you.*

**FPL GROUP CAPITAL AND FPL GROUP**

**FPL Group Capital**

FPL Group Capital was incorporated in 1985 as a Florida corporation and is a wholly-owned subsidiary of FPL Group. FPL Group Capital holds the capital stock or other ownership interests of, and provides funding for, FPL Group’s operating subsidiaries other than Florida Power & Light Company. These operating subsidiaries’ business activities primarily consist of FPL Energy, LLC’s competitive energy business.

**FPL Group**

FPL Group is a holding company incorporated in 1984 as a Florida corporation. FPL Group’s principal subsidiary, Florida Power & Light Company, is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. Other operations are conducted through FPL Group Capital.

Both FPL Group Capital’s and FPL Group’s principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone number (561) 694-4000, and their mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

**RECENT DEVELOPMENTS**

On December 18, 2005, FPL Group entered into an Agreement and Plan of Merger with Constellation Energy Group, Inc. and its wholly-owned subsidiary. Under the terms of the merger agreement, a wholly-owned subsidiary of Constellation Energy formed for the purpose of the merger will merge with and into FPL Group. As a result, FPL Group will survive the merger and will become a wholly-owned subsidiary of Constellation Energy upon completion of the merger. Following the merger, FPL Group Capital would be an indirect subsidiary of Constellation Energy. Consummation of the merger is subject to customary closing conditions, including FPL Group and Constellation Energy shareholder approvals, approvals by public service or utility commissions of specified states and approval from the Federal Energy Regulatory Commission. On December 19, 2005, FPL Group and Florida Power & Light Company filed with the Securities and Exchange Commission a Current Report on Form 8-K that provides additional information on the Agreement and Plan of Merger, as well as other matters, and included a copy of that agreement as an exhibit.

**SUMMARY—Q&A**

**What securities are being offered pursuant to this prospectus supplement?**

FPL Group Capital is offering \$ \_\_\_\_\_ aggregate principal amount of its Series A Enhanced Junior Subordinated Debentures due 2066, which will be referred to as the “Junior Subordinated Debentures” in this prospectus supplement. FPL Group Capital’s corporate parent, FPL Group, has agreed to fully and unconditionally guarantee the payment of principal, interest and premium, if any, on the Junior Subordinated Debentures. The Junior Subordinated Debentures will be issued in denominations of \$25 and integral multiples thereof.

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**What interest will be paid by FPL Group Capital?**

The Junior Subordinated Debentures will bear interest at \_\_\_\_\_ % per year. Subject to FPL Group Capital's right to defer interest payments described below, interest is payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning January 1, 2007.

For a more complete description of interest payable on the Junior Subordinated Debentures, see "Specific Terms of the Junior Subordinated Debentures—Interest and Maturity."

**What are the record dates for the payment of interest?**

So long as the Junior Subordinated Debentures remain in book-entry only form, the record date for each interest payment date will be the close of business on the business day immediately preceding the applicable interest payment date. If the Junior Subordinated Debentures do not remain in book-entry only form, the record date for each interest payment date will be the close of business on the fifteenth calendar day immediately preceding the applicable interest payment date.

**When can payment of interest be deferred?**

So long as there is no event of default under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued, FPL Group Capital may defer interest payments on the Junior Subordinated Debentures, from time to time, for one or more periods (each, an "Optional Deferral Period") of up to 10 consecutive years per Optional Deferral Period. In other words, FPL Group Capital may declare at its discretion up to a 10-year interest payment moratorium on the Junior Subordinated Debentures, and may choose to do that on more than one occasion. FPL Group Capital may not defer payments beyond the maturity date of the Junior Subordinated Debentures (which is October 1, 2066). Any deferred interest on the Junior Subordinated Debentures will accrue additional interest at the same rate at which the Junior Subordinated Debentures bear interest, to the extent permitted by applicable law. Once all accrued and unpaid interest on the Junior Subordinated Debentures has been paid, FPL Group Capital can begin a new Optional Deferral Period.

**What restrictions are imposed on FPL Group Capital and FPL Group during an Optional Deferral Period?**

During any period in which FPL Group Capital defers interest payments on the Junior Subordinated Debentures, neither FPL Group nor FPL Group Capital may (with limited exceptions):

- declare or pay any dividend or distribution on its capital stock;
- redeem, purchase, acquire or make a liquidation payment with respect to any of its capital stock;
- pay any principal, interest or premium on, or repay, repurchase or redeem any debt securities that are equal or junior in right of payment with the Junior Subordinated Debentures or FPL Group's guarantee (the "Subordinated Guarantee") of FPL Group Capital's payment obligations under the Junior Subordinated Debentures (as the case may be); or
- make any payments with respect to any guarantee of debt securities if such guarantee is equal or junior in right of payment to the Junior Subordinated Debentures or the Subordinated Guarantee (as the case may be).

Even though you will not receive any interest payments on your Junior Subordinated Debentures during an Optional Deferral Period, you will be required to accrue interest income and include original issue discount in your gross income for United States federal income tax purposes on an economic accrual basis, even if you are a cash basis

taxpayer. You should consult with your own tax advisor regarding the tax consequences of an investment in the Junior Subordinated Debentures. See “Material United States Federal Income Tax Consequences—U.S. Holders—Interest” in this prospectus supplement.

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If FPL Group Capital defers interest for a period of 10 consecutive years from the commencement of an Optional Deferral Period, FPL Group Capital will be required to pay all accrued and unpaid interest at the conclusion of the 10-year period, and to the extent it does not do so, FPL Group will be required to make guarantee payments in accordance with the Subordinated Guarantee with respect thereto. If FPL Group Capital fails to pay in full all accrued and unpaid interest at the conclusion of the 10-year period, such failure continues for 30 days and FPL Group fails to make guarantee payments with respect thereto, an event of default that gives rise to acceleration of principal and interest on the Junior Subordinated Debentures will occur under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued. See “Description of the FPL Group and FPL Group Capital Junior Subordinated Debentures and the FPL Group Subordinated Guarantee—Events of Default” and “Description of the FPL Group and FPL Group Capital Junior Subordinated Debentures and the FPL Group Subordinated Guarantee—Remedies” in the accompanying prospectus.

### **When can FPL Group Capital redeem the Junior Subordinated Debentures?**

FPL Group Capital may redeem the Junior Subordinated Debentures at its option before their maturity (i) in whole or in part on one or more occasions any time before October 1, 2011 at 100% of their principal amount plus accrued and unpaid interest plus any applicable “make-whole premium,” (ii) in whole or in part on one or more occasions on or after October 1, 2011 at 100% of their principal amount plus accrued and unpaid interest, or (iii) in whole, but not in part, before October 1, 2011 at 100% of their principal amount plus accrued and unpaid interest if certain changes in tax laws, regulations or interpretations occur. The circumstances under which the Junior Subordinated Debentures may be redeemed, and the redemption prices, are more fully described below under the captions “Specific Terms of the Junior Subordinated Debentures—Redemption” and “Specific Terms of the Junior Subordinated Debentures—Right to Redeem Upon a Tax Event” in this prospectus supplement.

### **What is the Replacement Capital Covenant?**

Around the time of the initial issuance of the Junior Subordinated Debentures, FPL Group Capital and FPL Group will enter into a Replacement Capital Covenant, as described below under “Certain Terms of the Replacement Capital Covenant,” in which FPL Group Capital and FPL Group will covenant for the benefit of holders of a designated series of FPL Group Capital’s long-term indebtedness, other than the Junior Subordinated Debentures, or in certain limited cases a designated series of long-term indebtedness of FPL Group, that

- FPL Group Capital will not redeem or repurchase the Junior Subordinated Debentures and

- FPL Group will not purchase the Junior Subordinated Debentures

on or before October 1, 2036, except, subject to certain limitations, to the extent that the applicable redemption or repurchase price does not exceed a specified amount of proceeds from the sale, during the 180 days prior to the date of that redemption or repurchase, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Debentures at the time of redemption or repurchase by FPL Group Capital or purchase by FPL Group. The Replacement Capital Covenant is not intended for the benefit of holders of the Junior Subordinated Debentures and may not be enforced by them, and the Replacement Capital Covenant is not a term of the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued, the Subordinated Guarantee or the Junior Subordinated Debentures.

### **What is the ranking of the Junior Subordinated Debentures and the Subordinated Guarantee?**

FPL Group Capital’s payment obligation under the Junior Subordinated Debentures will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of FPL Group Capital’s Senior Indebtedness,

and FPL Group's payment obligation under the Subordinated Guarantee will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of FPL Group's Senior Indebtedness. Senior Indebtedness of FPL Group Capital and FPL Group are defined below under "Specific Terms of the Junior Subordinated Debentures—Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee." However, the Junior Subordinated Debentures and the Subordinated Guarantee will rank equally in right of payment

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with any Pari Passu Securities, as defined below under “Specific Terms of the Junior Subordinated Debentures—Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee.”

FPL Group Capital is a holding company that derives substantially all of its income from its operating subsidiaries. Therefore, the Junior Subordinated Debentures will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by FPL Group Capital’s subsidiaries. In addition to trade liabilities, many of FPL Group Capital’s operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Debentures. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that FPL Group Capital may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that FPL Group Capital’s subsidiaries may issue, guarantee or otherwise incur. FPL Group Capital expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Junior Subordinated Debentures. At August 31, 2006, FPL Group Capital’s Senior Indebtedness, on an unconsolidated basis, totaled approximately \$4.5 billion.

FPL Group is a holding company that derives substantially all of its income from its operating subsidiaries. Therefore, the Subordinated Guarantee will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by FPL Group’s subsidiaries. In addition to trade liabilities, many of FPL Group’s operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Subordinated Guarantee. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that FPL Group may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that FPL Group’s subsidiaries may issue, guarantee or otherwise incur. FPL Group expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Subordinated Guarantee. At August 31, 2006, FPL Group’s Senior Indebtedness, on an unconsolidated basis, totaled approximately \$4.5 billion, which amount consisted solely of FPL Group’s guarantees of FPL Group Capital indebtedness referred to in the paragraph above.

### **Will the Junior Subordinated Debentures be listed on a stock exchange?**

FPL Group Capital intends to apply to list the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading of the Junior Subordinated Debentures is expected to begin within 30 days after they are first issued.

### **In what form will the Junior Subordinated Debentures be issued?**

The Junior Subordinated Debentures will be represented by one or more global certificates and registered in the name of The Depository Trust Company (“DTC”) or its nominee. This means that you will not receive a certificate for your Junior Subordinated Debentures and that your broker will maintain your position in the Junior Subordinated Debentures. FPL Group Capital expects that the Junior Subordinated Debentures will be ready for delivery through DTC on or about the date indicated on the cover of this prospectus supplement. See “Specific Terms of the Junior Subordinated Debentures—Book-Entry Only Issuance—The Depository Trust Company” in this prospectus supplement for additional information.

### **What are the expected credit ratings on the Junior Subordinated Debentures?**

FPL Group Capital expects that the Junior Subordinated Debentures will be rated “A3” (Negative Outlook), “BBB+” (CreditWatch with Negative Implications) and “A-” (Stable Outlook) by Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings, respectively. Credit ratings are not a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or

withdrawal at any time by the assigning rating organization, and should be evaluated independently of any other rating.

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**What are the principal United States federal income tax consequences related to the Junior Subordinated Debentures?**

In connection with the issuance of the Junior Subordinated Debentures, FPL Group Capital and FPL Group will receive an opinion from Thelen Reid & Priest LLP that, for United States federal income tax purposes, the Junior Subordinated Debentures will be classified as indebtedness (although there is no controlling authority directly on point). This opinion is subject to certain customary conditions. See “Material United States Federal Income Tax Consequences.”

Each holder of Junior Subordinated Debentures will, by accepting the Junior Subordinated Debentures or a beneficial interest therein, be deemed to have agreed that the holder intends that the Junior Subordinated Debentures constitute indebtedness and will treat the Junior Subordinated Debentures as indebtedness for all United States federal, state and local tax purposes. FPL Group Capital intends to treat the Junior Subordinated Debentures in the same manner.

If FPL Group Capital elects to defer interest on the Junior Subordinated Debentures for one or more Optional Deferral Periods, the holders of the Junior Subordinated Debentures will be required to accrue income for United States federal income tax purposes in the amount of the accrued and unpaid interest payments on the Junior Subordinated Debentures, in the form of original issue discount, even though cash interest payments are deferred and even though they may be cash basis taxpayers.

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**RISK FACTORS**

*Before purchasing the securities, investors should carefully consider the following risk factors together with the risk factors and other information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus in order to evaluate an investment in the securities.*

**Risks Relating to FPL Group’s and FPL Group Capital’s Business**

See the “Risk Factors” section beginning on page 2 of the accompanying prospectus to read about certain factors regarding FPL Group’s and FPL Group Capital’s business that you should consider before making an investment in the Junior Subordinated Debentures.

**Risks Relating to the Junior Subordinated Debentures**

**FPL Group Capital can defer interest payments on the Junior Subordinated Debentures. This may affect the market price of the Junior Subordinated Debentures.**

So long as there is no event of default under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued, FPL Group Capital may defer interest payments on the Junior Subordinated Debentures, from time to time, for one or more Optional Deferral Periods of up to 10 consecutive years. At the end of an Optional Deferral Period, if all amounts due are paid, FPL Group Capital could start a new Optional Deferral Period of up to 10 consecutive years. During any Optional Deferral Period, interest on the Junior Subordinated Debentures would be deferred but would accrue additional interest at the same rate at which the Junior Subordinated Debentures bear interest, to the extent permitted by applicable law. No Optional Deferral Period may extend beyond the maturity date of the Junior Subordinated Debentures. During an Optional Deferral Period, interest payments will not be due and payable and, therefore, FPL Group will not be obligated to make payments under the Subordinated Guarantee. If FPL Group Capital exercises this interest deferral right, the market price of the Junior Subordinated Debentures is likely to be affected. See “Specific Terms of the Junior Subordinated Debentures—Option to Defer Interest Payments” in this prospectus supplement.

If FPL Group Capital exercises its right to defer interest payments, the Junior Subordinated Debentures may trade at a price that does not fully reflect the value of accrued but unpaid interest on the Junior Subordinated Debentures. In addition, as a result of FPL Group Capital’s right to defer interest payments, the market price of the Junior Subordinated Debentures may be more volatile than other securities that do not have these rights.

**FPL Group Capital is not permitted to pay current interest on the Junior Subordinated Debentures until FPL Group Capital has paid all outstanding deferred interest, and this could have the effect of extending interest deferral periods.**

During an Optional Deferral Period, FPL Group Capital will be prohibited from paying current interest on the Junior Subordinated Debentures and FPL Group will be prohibited from making such payment pursuant to the Subordinated Guarantee until FPL Group Capital, or FPL Group pursuant to the Subordinated Guarantee, has paid all accrued and unpaid deferred interest plus any accrued interest thereon. As a result, FPL Group Capital may not be able to pay current interest on the Junior Subordinated Debentures if FPL Group Capital does not have available funds to pay all accrued and unpaid interest plus any accrued interest thereon.

**FPL Group Capital’s right to redeem or repurchase the Junior Subordinated Debentures, and FPL Group’s right to purchase the Junior Subordinated Debentures, are limited by a covenant that FPL Group Capital and FPL Group are making in favor of certain of FPL Group Capital’s debtholders.**

FPL Group Capital has the right to redeem the Junior Subordinated Debentures under circumstances and on terms specified in this prospectus supplement. However, around the time of the initial issuance of the Junior Subordinated Debentures, FPL Group Capital and FPL Group will enter into a Replacement Capital Covenant, which is described below under “Certain Terms of the Replacement Capital Covenant,” that will limit (1) FPL Group Capital’s ability to redeem or repurchase the Junior Subordinated Debentures and (2) FPL Group’s ability to purchase the Junior Subordinated Debentures. In the Replacement Capital Covenant, FPL Group Capital and FPL

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Group will covenant for the benefit of holders of a designated series of FPL Group Capital's indebtedness that ranks senior to the Junior Subordinated Debentures, or in certain limited cases holders of a designated series of long-term indebtedness of FPL Group, that (a) FPL Group Capital will not redeem or repurchase the Junior Subordinated Debentures and (b) FPL Group will not purchase the Junior Subordinated Debentures, in each case on or before October 1, 2036, except, subject to certain limitations, to the extent that the applicable redemption or repurchase price does not exceed a specified amount of proceeds from the sale, during the 180 days prior to the date of that redemption or repurchase, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Debentures at the time of redemption or repurchase by FPL Group Capital or purchase by FPL Group.

The ability to raise proceeds from qualifying securities during the 180 days prior to a proposed redemption or repurchase by FPL Group Capital or purchase by FPL Group will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those qualifying securities. Accordingly, there could be circumstances where FPL Group Capital would wish to redeem or repurchase some or all of the Junior Subordinated Debentures, or FPL Group would wish to purchase some or all of the Junior Subordinated Debentures, including as a result of a tax event, and sufficient cash is available for that purpose, but FPL Group and FPL Group Capital are restricted from doing so because of the inability to obtain proceeds from the sale of qualifying securities.

### **The obligations of FPL Group Capital under the Junior Subordinated Debentures and FPL Group under the Subordinated Guarantee are subordinated.**

The obligations of FPL Group Capital under the Junior Subordinated Debentures are unsecured and will rank junior in right of payment to FPL Group Capital's Senior Indebtedness. This means that FPL Group Capital cannot make any payments on the Junior Subordinated Debentures until all holders of Senior Indebtedness of FPL Group Capital have been paid in full, or provision has been made for such payment, if (i) certain events of bankruptcy, insolvency or reorganization of FPL Group Capital have occurred, (ii) any Senior Indebtedness of FPL Group Capital is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of FPL Group Capital are permitted to accelerate the maturity of such Senior Indebtedness. FPL Group Capital is a holding company that derives substantially all of its income from its operating subsidiaries. Therefore, the Junior Subordinated Debentures will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by FPL Group Capital's subsidiaries. In addition to trade liabilities, many of FPL Group Capital's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Debentures. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that FPL Group Capital may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that FPL Group Capital's subsidiaries may issue, guarantee or otherwise incur. FPL Group Capital expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Junior Subordinated Debentures. At August 31, 2006, FPL Group Capital's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$4.5 billion.

The obligations of FPL Group under the Subordinated Guarantee are unsecured and will rank junior in right of payment to FPL Group's Senior Indebtedness. This means that FPL Group cannot make any payments under the Subordinated Guarantee until all holders of Senior Indebtedness of FPL Group have been paid in full, or provision has been made for such payment, if (i) certain events of bankruptcy, insolvency or reorganization of FPL Group have occurred, (ii) any Senior Indebtedness of FPL Group is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of FPL Group are permitted to accelerate the maturity of such Senior Indebtedness. FPL Group is a holding company

that derives substantially all of its income from its operating subsidiaries. Therefore, the Subordinated Guarantee will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by FPL Group's subsidiaries. In addition to trade liabilities, many of FPL Group's operating subsidiaries incur debt in order to finance their business activities. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit

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on the amount of Senior Indebtedness FPL Group may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that FPL Group's subsidiaries may issue, guarantee or otherwise incur. FPL Group expects from time to time to incur additional indebtedness and other liabilities that will be senior to the Subordinated Guarantee. The FPL Group consolidated financial statements that are incorporated by reference in the accompanying prospectus show the aggregate amount of FPL Group subsidiary debt as of the date of those statements. See "Specific Terms of the Junior Subordinated Debentures—Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee" in this prospectus supplement. At August 31, 2006, FPL Group's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$4.5 billion, which amount consisted solely of FPL Group's guarantees of FPL Group Capital indebtedness referred to in the paragraph above.

### **If FPL Group Capital defers interest payments on the Junior Subordinated Debentures, there will be United States federal income tax consequences to holders of the Junior Subordinated Debentures.**

If FPL Group Capital defers interest payments on the Junior Subordinated Debentures for one or more Optional Deferral Periods, you will be required to accrue interest income as original issue discount, referred to in this prospectus supplement as "original issue discount," in respect of the deferred interest on your Junior Subordinated Debentures. As a result, for United States federal income tax purposes you will include that original issue discount in gross income before you receive interest payments, regardless of your regular method of accounting for United States federal income taxes. However, FPL Group Capital has no current intention of deferring interest payments on the Junior Subordinated Debentures.

If you sell your Junior Subordinated Debentures before the record date for the payment of interest at the end of an Optional Deferral Period, you will not receive such interest. Instead, the accrued interest will be paid to the holder of record on the record date, regardless of who the holder of record may have been on any other date during the Optional Deferral Period. Moreover, the accrued original issue discount will be added to your adjusted tax basis in the Junior Subordinated Debentures but may not be reflected in the amount you realize on the sale. To the extent the amount realized on a sale is less than your adjusted tax basis, you will recognize a capital loss for United States federal income tax purposes. The deductibility of capital losses is subject to limitations. See "Material United States Federal Income Tax Consequences—U.S. Holders—Sale, Exchange, Redemption or Retirement of the Junior Subordinated Debentures" in this prospectus supplement.

### **A classification of the Junior Subordinated Debentures as common equity by the National Association of Insurance Commissioners may impact U.S. insurance company investors and the value of the Junior Subordinated Debentures.**

The Securities Valuation Office (the "SVO") of the National Association of Insurance Commissioners ("NAIC") may from time to time classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. Under the written guidelines outlined by the SVO, it is not always clear which securities classify as debt, preferred equity or common equity or which features are specifically relevant in making this determination. FPL Group Capital is aware that the SVO has classified several fixed income securities, either definitively or preliminarily, as common equity. FPL Group Capital cannot assure you that the Junior Subordinated Debentures would not be classified as common equity, if reviewed and classified by the SVO. If the NAIC were to classify the Junior Subordinated Debentures as common equity, the willingness of U.S. insurance investors to hold the Junior Subordinated Debentures could be reduced, which in turn could reduce the price of the Junior Subordinated Debentures in any available after-market. As of the date hereof, the NAIC has not provided a view on the classification of the Junior Subordinated Debentures. There can be no assurance of the classification that the SVO may assign to the Junior Subordinated Debentures in the future.



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**SELECTED CONSOLIDATED INCOME STATEMENT DATA OF FPL GROUP AND SUBSIDIARIES**

The following material, which is presented in this prospectus supplement solely to furnish limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. In the opinion of FPL Group, all adjustments (consisting of normal recurring accruals) considered necessary for a fair financial statement presentation of the results of operations for the six months ended June 30, 2006 and 2005 have been made. The income statement data for the six months ended June 30, 2006 and June 30, 2005, respectively, generally will not give a true indication of the results that may be expected for an entire year.

Six Months Ended  
June 30,