

FPL GROUP INC  
Form 425  
December 19, 2005

Filed by FPL Group, Inc.  
Pursuant to Rule 425 under the Securities Act of 1933, as amended  
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the Securities Exchange Act of 1934, as amended

Subject Company: FPL Group, Inc.  
Commission File Number: 1-8841

**Creating the Premier  
Competitive Energy Company**

**Investor Presentation**

December 19, 2005

## Safe Harbor Language

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, for example, statements regarding benefits of the proposed merger, the likelihood and timing of closing of the proposed merger, integration plans, expected synergies, anticipated future financial and operating performance and results, including estimates for growth. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook ) are not statements of historical facts and may be forward-looking. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. These risks and uncertainties include, for example, the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of FPL Group, Inc. (FPL Group) or Constellation Energy Group, Inc. (Constellation Energy) stockholders to approve the transaction; the risk that the businesses will not be integrated successfully or that anticipated synergies will not be achieved or will take longer to achieve than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees, suppliers or governmental entities; unexpected transaction costs or liabilities; economic conditions; and other specific factors discussed in documents filed with the Securities and Exchange Commission by both FPL Group and Constellation Energy. These risks, as well as other risks associated with the merger, will be more fully discussed in the joint proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that Constellation Energy will file with the SEC in connection with the proposed merger. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Neither Constellation Energy nor FPL Group undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

## **Use Of Non-GAAP Financial Measures**

It is important to recognize that in certain instances in this presentation we have adjusted actual financial results, prepared in accordance with generally accepted accounting principles (GAAP), for certain items, including special items (which are defined as items not related to the ongoing, underlying business or which distort comparability of results) and certain economic, non-qualifying hedges. We have also provided earnings estimates in terms of adjusted earnings, excluding special items and certain economic, non-qualifying hedges. We believe that the resulting adjusted, non-GAAP information provides a picture of results that is comparable among periods since it excludes the impact of items, the size and nature of which can make period to period comparisons difficult and potentially confusing. However, investors should note that non-GAAP measures involve judgments by management. We note that such information is not in accordance with GAAP and should not be viewed as an alternative to GAAP information. A reconciliation of adjusted information to GAAP is included either on the slide where the information is appears or in the appendix to this presentation. These slides are only intended to be reviewed in conjunction with the oral presentation to which they relate.

## **Non-Solicitation**

This communication is not a solicitation of a proxy from any security holder of FPL Group or Constellation Energy. Constellation Energy intends to file with the Securities and Exchange Commission a registration statement that will include a joint proxy statement/prospectus of Constellation Energy and FPL Group and other relevant documents to be mailed to security holders in connection with the proposed transaction. **WE URGE INVESTORS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT**

**FPL GROUP, CONSTELLATION ENERGY, AND THE PROPOSED TRANSACTION.** A definitive proxy statement

will be sent to security holders of FPL Group and Constellation Energy seeking approval of the proposed transaction. Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). In addition, a copy of the joint proxy statement/prospectus (when it becomes available) may be obtained free of charge from Constellation Energy, Shareholder Services, 750 E. Pratt Street, Baltimore, MD 21201, or from FPL Group, Shareholder Services, P.O. Box 14000, 700 Universe Blvd., Juno Beach, Florida 33408-0420.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

FPL Group, Constellation Energy, and their respective directors and executive officers of FPL Group and Constellation Energy and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding FPL Group's directors and executive officers is available in its proxy statement filed with the SEC by FPL Group on April 5, 2005, and information regarding Constellation Energy's directors and executive officers is available in its proxy statement filed with the SEC by Constellation Energy on April 13, 2005. Information regarding J. Brian Ferguson, a director of FPL Group elected since the date of the filing of the 2005 definitive proxy statement, can be found in the Company's filing on Form 10-Q dated August 4, 2005. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

**Agenda**

All

Q&A

Follin Smith

Financials

Lew Hay

Conclusion

Mayo Shattuck

A Unique Growth Platform

Lew Hay

Introduction and Overview

**Presenter**

**Topic**

**Introduction and Overview**

**Today We Are Announcing Our Agreement To  
Merge Our Two Companies**

**40.6**

**\$28.0**

**\$1,576**

**\$26.5**

**16,550**

**22,040**

**3,211**

**32,722**

**8,228**

**45,194**

**5.5**

Note: Combined amounts exclude the effects of synergies, as well as purchase accounting, which are expected to be favorable

(1) As of 9/30/05

(2) Generation capacity as of 12/5/05 plus 419 MW for Duane Arnold, which is expected to close in the first quarter of 2006

(3) Trailing 12-months as of 9/30/05

(4) Source: Bloomberg as of 12/16/05

See appendix

Enterprise Value (billions) <sup>(4)</sup>

Market Capitalization (billions) <sup>(4)</sup>

Adjusted Earnings (millions) <sup>(3)</sup>

Revenue (billions) <sup>(3)</sup>

Retail Competitive Supply (Peak MWs) <sup>(1)</sup>

Wholesale Competitive Supply



(Peak MWs) <sup>(1)</sup>

Wind (MWs)

Fossil (MWs)

Nuclear (MWs) <sup>(2)</sup>

Generation Owned Capacity (MWs)<sup>2)</sup>

Regulated Electric Customers (millions) <sup>(1)</sup>

\$25.6

\$17.0

\$992

\$11.3

1,000

2,000

3,211

25,112

4,434

33,333

4.3

\$15.0

\$11.0

\$584

\$15.2

15,550

20,040

-

7,610

3,794

11,861

1.2

**Key Transaction Terms**

**Structure:**

Modified merger of equals

1 share of FPL Group converted to 1 share of Constellation Energy after the merger

1 share of Constellation Energy converted to 1.444 shares of Constellation Energy after the merger

**Consideration:**

100% stock

**Premium:**

Approximately 15% to Constellation Energy shareholders <sup>(1)</sup>

**Ownership:** <sup>(2)</sup>

Approximately 60% FPL Group shareholders

Approximately 40% Constellation Energy shareholders

**Name:**

Constellation Energy

**Management:**

Lew Hay to become chief executive officer

Mayo Shattuck to become chairman of the board

**Board Members:**

9 nominated by FPL Group, 6 nominated by Constellation Energy

**Headquarters:**

Dual corporate headquarters

Competitive energy in Baltimore, MD

Florida Power & Light in Juno Beach, FL

Baltimore Gas and Electric in Baltimore, MD

Fossil and renewable generation in Juno Beach, FL

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(1) 20-day average CEG share price of \$53.44 and FPL share price of \$42.39 ending 12/13/05

(2) Estimated based on shares outstanding at 12/16/05

**Organizational Structure**

**Board of Directors**

Mayo Shattuck                      Chairman

Lew Hay                              Director

Non-executive (13)              Directors

**Chief Executive Officer**

Lew Hay

**Competitive Energy  
(Market-Facing**

**Retail & Wholesale)**

Mayo Shattuck

**Regulated Utilities**

**& Generation**

Jim Robo

**Chief Financial  
Officer & Chief  
Admin. Officer**

Follin Smith

**Transition &  
Integration**

Moray Dewhurst

**Florida Power &  
Light**

Armando Olivera

**Baltimore Gas and  
Electric**

Ken DeFontes

**The New Entity: A Unique And Compelling  
Combination**

The premier competitive energy  
provider offering attractive growth  
and a balanced, moderate risk  
posture

**Wholesale**

**Retail**

**Generation**

+

+

**Florida  
Power &  
Light**

**Baltimore  
Gas &  
Electric**

**Corporate Strengths & Skills**

+

a solid base of stable, growing  
earnings and cash flow

built on the strongest balance  
sheet in the industry

+

+

**Building The Leading Platform In The Competitive  
Energy Sector**

**Diverse Customer Mix**

**Fuel Mix**

**Renewables**

**Dispatch**

**Point**

**Purchased**

**Power**

**Customer**

**Size**

**Customer**

**Geography**

**Contract**

**Length**

**Diverse Supply Base**

**Pre-eminent hedging,**

**portfolio optimization and**

**risk management platform**

**Owned Generation**

**Building A Bigger, Stronger, And More Diversified  
Regulated Utility Business**

**FPL s Florida Service Territory**

**BGE s Maryland Service Territory**

(1) As of 9/30/05

(2) Trailing 12-months ended 9/30/05

3%

\$788

\$11.2

-

4.3

1.0% - 1.5%

Long-term volume growth  
(customers & usage)

\$168

Net income (millions) (2)

\$3.0

Rate base (billions) (1)

0.6

Gas customers (millions)

1.2

Electric customers (millions)

**Attractive utility growth profile**

**Constructive regulatory environment**

**Earnings and regulatory balance**



**Benefits To Regulated Utility Customers**

Balance sheet strength

Modest direct cost savings through leveraging utility expertise across a larger platform

Opportunities to improve reliability through best practices sharing

Mutual support

Nuclear scale

Coal expertise to Florida

**Florida -  
Benefits  
to  
Customers**

**Maryland  
Benefits  
to  
Customers**

**Growth Will Be Further Enhanced By Meaningful Synergies**

Best practice sharing

Purchasing leverage

**Utility Operations**

Larger balance sheet

Continued growth in related commodities

**Capital Deployment Opportunities**

Consolidated staff and transaction processing support

**Corporate**

Jointly managed fleet operation

Purchasing leverage

**Generation**

Jointly managed competitive supply organization

**Competitive Supply Operations**

Balanced footprint and portfolio scale

**Increased Revenue/Gross Margin**

**We Will Have The Financial Strength And  
Flexibility To Support Our Business**

**Financial Strength**

Balanced Business Mix

Regulated / Deregulated

Generation technologies and fuel

Geography

\$57 billion of total assets <sup>(1)</sup>

\$4.5 billion to \$5.0 billion of cash flow from operations <sup>(2)</sup>

Combined estimated debt to total capital of 40% - 42% <sup>(3)</sup>

Note: Combined amounts exclude the effects of synergies, as well as purchase accounting, which are expected to be favorable

(1)

At 9/30/05

(2)

Combined estimate for full-year 2007

(3)

Combined estimate at 12/31/07. Includes certain adjustments to capital structure that credit rating agencies consider in the evaluation of credit ratings. On an unadjusted basis, debt to total capital is estimated at 43% to 45%.

See appendix

**#2 Regulated Electric Customers (5.5 million)**

**Creating A New FORTUNE 100 Company And An Industry Leader**

**#1 Wholesale Competitive Supplier (22,040 MWs)**

**#1 Retail Competitive Supplier (16,550 MWs)**

**#1 U.S. Generation (45,194 MWs)**

**#1 Wind Generation (3,211 MWs)**

**#3 Nuclear Generation (8,228 MWs) <sup>(1)</sup>**

<sup>(1)</sup> Nuclear generation capacity as of 12/5/05 plus 419 MWs for Duane Arnold, which is expected to close by the first quarter 2006

**A Unique Growth Platform**

**Diverse Channels Of Growth Create Value For  
All New Constellation Energy Shareholders**

**The building blocks of growth**

**Shareholder value-focused management team**

**Invest in strategically-relevant opportunities that match the generation  
asset and skill base**

**New Capital Deployment**

**+**

**Florida Power & Light**

**Baltimore Gas and Electric**

**Strong economic growth in Florida**

**Leverage scale of combination/best practices**

**Retail Competitive Supply**

**Market share gains in high growth markets**

**Growth of switched markets**

**+**

**Wholesale Competitive Supply**

**Generation Growth**

**Existing Generation**

**EBIT Expansion**

**Share gains in wholesale power markets**

**Continued expansion into other commodities (gas & coal)**

**Margin expansion driven by portfolio scale and regional optimization**

**Wind and other renewable expansion**

**New nuclear as market develops**

**Re-hedging at current market prices**

**Continued incremental productivity**

**Operational synergies**

- +
- +
- +
- +

**Combination Of Top-Performing Utilities**

**\$176**

**(Ranks #1 of 91)**

**102**

**Top quartile**

**3.0%**

**Florida Power  
& Light**

**103**

**Top quartile**

**Focus on customer satisfaction**

*(2005 J.D. Powers Residential Survey)*

**\$249**

**(Ranks #8 of 91)**

**Low-cost operations**

*(Electric O&M \$ per customer) <sup>(1)</sup>*

**1.0% - 1.5%**

**Healthy long-term volume  
growth (customer & usage)**

**Baltimore Gas  
and Electric**

**<sup>(1)</sup> Source: RDI based on FERC Form 1 data**



**Growth In Florida**

**FPL Delivered Sales CAGR 3.4%**

**Net Income CAGR 5.3%**

300  
400  
500  
600  
700  
800  
900  
93  
94  
95  
96  
97  
98  
99  
00  
01  
02  
03  
04  
0  
10  
20  
30

40

50

60

70

80

90

100

110

Earnings

Sales

**Delivered  
Sales  
(Billions  
kwhs)**

**Net Income  
(\$ millions)**

**Generation Margin Expansion Before Synergies**

**Constellation Energy**

**Mid-Atlantic Fleet**

**FPL Energy**

**Merchant Generation**

(1) A revenue sharing agreement with previous owners begins upon PPA expiration

(2) Expected to close in the first quarter of 2006

(3) Excludes planned uprate of 17% in 2006

See appendix

**1.2**

**1.0**

**0.8**

**0.8**

**0.5**

**0.8**

**1.0**

**1.3**

**2005**

**2006**

**2007**

**2008**

**Gross  
Margin  
(\$ billions)**

**1.0**

**0.9**

**0.7**

0.7

0.6

0.7

0.8

0.9

1.0

1.1

2005

2006

2007

2008

**Gross  
Margin  
(\$ billions)**

Other gross margin expansion opportunities

Productivity initiatives to increase output

Future PPA expirations

August 2009

Nine Mile Point Unit 1 (620 MWs)

November 2011

Nine Mile Point Unit 2 (941 MWs) <sup>(1)</sup>

February 2014

Duane Arnold (419 MWs) <sup>(2)</sup>

August 2014

Ginna (498 MWs) <sup>(3)</sup>

**FPL Group Wind Growth**

**Historical**

**Projected**

**4,460 - 4,710**

**3,835 - 3,960**

**3,211**

**2,758**

**2,720**

**1,745**

**1,421**

**578**

**460**

**0**

**1,000**

**2,000**

**3,000**

**4,000**

**5,000**

**99**

**00**

**01**

**02**

**03**

**04**

**05E**

**06E**

**07E**

**MW**

**Wholesale Competitive Supply Growth  
(Constellation Energy Only)**

**Attractive growth track record with modest capital requirements**

**See appendix**

**197**

**271**

**387**

**150**

**200**

**250**

**300**

**350**

**400**

**450**

**500**

**550**

**600**

**650**

**700**

**2002**

**2003**

**2004**

**2005**

**2006**

**Historical**

**Projected**

**Gross  
Margin  
(\$ millions)**



**Retail Competitive Supply Growth  
(Constellation Energy Only)**

**Relative market share > 2x**

**Gross Margin (Historical)**

**Gross Margin (Projected)**

**Market Share (Historical)**

**Market Share (Projected)**

**See appendix**

178

269

16%

21%

24%

100

200

300

400

500

2003

2004

2005

2006

**Gross  
Margin  
(\$ millions)**

0%

5%

10%

15%

20%

25%

30%

**Market  
Share  
(%)**

**Complementary Merchant Business Strengths**

**Constellation**

**Energy**

**FPL Group**

**Both**

**Highest load serving  
market share**

**Generation assets in  
NEPOOL / ERCOT**

**Focus on cost and  
operational efficiency**

**Strong wind  
position**

**Strong nuclear  
capability**

**Leading risk  
management  
expertise**

**A Unique Blending Of Related And  
Complementary Assets And Skills**

<sup>(1)</sup> Negative outlook

BBB / Baa1 / A-

A<sup>(1)</sup> / A2 / A

Credit Ratings S&P / Moody s / Fitch (as of 12/16/05)

Regulated Utility Operations (customers)

- Renewables

- Nuclear

- Total

Generation Operations (MWs)

Wholesale Competitive Supply Operations (gross margin)

Retail Competitive Supply Operations (peak MWs)

**Constellation**

**Energy**

**FPL**

**Group**

**Complementary Generation and Customer  
Businesses**

**FPL Group**

**Constellation Energy**

**ERCOT**