

FPL GROUP INC
Form 11-K
June 25, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2003**

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number **1-8841**

FPL Group Employee Thrift Plan

(Full title of the plan)

FPL GROUP, INC.

(Name of issuer of the securities held pursuant to the plan)

**700 Universe Boulevard
Juno Beach, Florida 33408**

(Address of principal executive office)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Employee Benefit Plans Administrative Committee:

We have audited the accompanying statements of net assets available for benefits of the FPL Group Employee Thrift Plan (the "Plan") as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended

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December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of December 31, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Certified Public Accountants

Miami, Florida

June 24, 2004

FPL GROUP EMPLOYEE THRIFT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|--|----------------------|----------------------|
| | 2003 | 2002 |
| ASSETS | | |
| Accrued interest receivable - Leveraged ESOP Account | \$ 228 | \$ 301 |
| General investments | 507,968,264 | 382,324,076 |
| Investment in Master Trust | 760,632,924 | 699,516,526 |
| Employer securities - Leveraged ESOP | 272,520,464 | 271,828,316 |
| Total assets | <u>1,541,121,880</u> | <u>1,353,669,219</u> |
| LIABILITIES | | |
| Interest payable - Leveraged ESOP Account | 571,762 | 610,346 |
| Acquisition indebtedness of Leveraged ESOP | 177,016,027 | 188,961,508 |

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Total liabilities | <u>177,587,789</u> | <u>189,571,854</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 1,363,534,091</u> | <u>\$ 1,164,097,365</u> |

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

FPL GROUP EMPLOYEE THRIFT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2003

ADDITIONS

Contributions:

| | | |
|---------------------------------------|---------------|---------------|
| Received from Participants | \$ 41,270,870 | |
| Noncash contributions (from employer) | 17,293,654 | |
| Total contributions | | \$ 58,564,524 |

Earnings on investments:

Interest:

| | | |
|---------------------------------|-----------|-----------|
| Interest-bearing cash | 110,939 | |
| Other loans (Participant loans) | 1,373,962 | |
| Total interest | | 1,484,901 |

Net appreciation in fair value of investments:

| | | |
|---|------------|-------------|
| Investment in Master Trust | 76,361,052 | |
| General investments | 97,540,355 | |
| Total net appreciation in fair value of investments | | 173,901,407 |

| | | |
|-------|--|-------------|
| Total | | 233,950,832 |
|-------|--|-------------|

DEDUCTIONS

| | | |
|---|--|------------|
| Benefit payments to Participants or beneficiaries | | 72,147,517 |
| Corrective distributions | | 5,320 |
| Deemed distributions of Participant loans | | 52,188 |
| Administrative expenses | | 152,288 |
| Total | | 72,357,313 |

| | | |
|--------------|--|-------------|
| NET INCREASE | | 161,593,519 |
|--------------|--|-------------|

TRANSFERS

| | | |
|--|------------|------------|
| Transfers to the Plan - net | 25,167,067 | |
| Effect of current year Leveraged ESOP activity | 12,676,140 | |
| Total transfers to the Plan - net | | 37,843,207 |

| | | |
|---|--|---------------|
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2002 | | 1,164,097,365 |
|---|--|---------------|

| | | |
|---|--|------------------|
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2003 | | \$ 1,363,534,091 |
|---|--|------------------|

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

**FPL GROUP EMPLOYEE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2003**

1. Description of the Plan and Significant Accounting Policies

The Plan

The following description of the FPL Group Employee Thrift Plan (Plan) provides only general information. Participating employees (Participants) should refer to the Summary Plan Description available in their employee handbook (as updated periodically through Summaries of Material Modifications) for a more complete description of the Plan. Fidelity Management Trust Company (Trustee) administers the trust (Trust) established under the Plan, the Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company (FPL Bargaining Plan) and the FPL Energy Operating Services, Inc. Employee Thrift Plan (FPL Energy OSI Plan). Effective December 31, 2003, the FPL Energy OSI Plan was merged into the Plan. Effective January 1, 2004, FPL Bargaining Plan's name was changed to FPL Group Bargaining Unit Employee Thrift Plan.

The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The portion of the Plan investing in common stock (Common Stock) of FPL Group, Inc. (FPL Group or Company) has been designated as an employee stock ownership plan. Participation in the Plan is voluntary. Nonunion employees of FPL Group and its subsidiaries (including those merged into the Plan from the FPL Energy OSI Plan on December 31, 2003, which as of that date includes employees of FPL Energy Seabrook, LLC (Seabrook)) are eligible to participate in the Plan on the first day of the month coincident with the completion of one full month of service with FPL Group or certain of its subsidiaries or on the first day of any payroll period thereafter. The Plan includes a cash or deferred compensation arrangement (Pretax Option) permitted by Section 401(k) of the Internal Revenue Code of 1986, as amended (Code). The Pretax Option permits Participants to elect to defer federal income taxes on all or a portion of their contributions (Pretax Contributions) until they are distributed from the Plan. Under current tax law, the annual limitation on Pretax Contributions for the 2003 plan year was increased to \$12,000 and will increase an additional \$1,000 each year through 2006. In addition, individuals age 50 or older who contributed the maximum allowable under the Plan had the option of contributing up to an additional \$2,000 in Pretax Contributions for 2003. This catch-up amount increases an additional \$1,000 for each year between 2004 and 2006.

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The Plan also includes leveraged employee stock ownership plan (Leveraged ESOP) provisions. The Leveraged ESOP is a stock bonus plan within the meaning of Treasury Regulation Section 1.401-1(b)(1)(iii) that is qualified under Section 401(a) of the Code and is designed to invest primarily in Common Stock. Pursuant to the Leveraged ESOP, the Trust purchased Common Stock from FPL Group using the proceeds of a loan (Acquisition Indebtedness) from FPL Group Capital Inc (FPL Group Capital), a subsidiary of FPL Group (see Note 3). The Common Stock acquired by the Trust is initially held in a separate account (Leveraged ESOP Account). As the Acquisition Indebtedness (including interest) is repaid, each Participant's account is allocated its portion of Common Stock released from the Leveraged ESOP Account.

During 2003, the Plan had in place a Dividend Payout Program which enabled Participants to choose how their dividends on certain shares of Common Stock held in the Plan are to be paid. Dividends on Common Stock acquired through the Leveraged ESOP do not qualify under this program. The options available to Participants included reinvestment of dividends in Common Stock, distribution of dividends in cash, or a partial distribution with the balance reinvested in Common Stock.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

Contributions, Loans, Withdrawals and Transfers to (from) the Plan

Prior to December 1, 2003, the Plan allowed for pretax and after-tax contributions by eligible employees in whole percentages from 1% to 20% of their "earnings," as defined in the Plan (Earnings), which was matched in part by the Company with shares of Common Stock. Effective December 1, 2003, the maximum deferral election was increased to 50% of Earnings for all nonbargaining participants. For pretax or after-tax contributions, the Company match is 100% on the first 3% of a Participant's Earnings, 50% on the next 3% and 25% on the next 1%, except for Seabrook nonbargaining transition employees previously participating in the FPL Energy OSI Plan. Seabrook nonbargaining transition employees, those hired prior to November 1, 2002, receive Company matching contributions of 100% on the first 3% of a Participant's contributed Earnings. Contributions are subject to certain limitations.

The value of a Participant's contributions (including all income, gains and losses) is at all times 100% vested. Seabrook non-bargaining transition employees are fully vested immediately in Company matching contributions. For employees of FPL Energy Maine Operating Services, LLC (FPL Energy Maine), Company matching contributions are fully vested upon attaining six months of service. For all others, Company matching contributions vest at a rate of 20% each year and are fully vested upon a Participant attaining five years of service. An employee may also receive vesting credit for prior years of service with the Company or any of its subsidiaries.

The Plan's investment options include fourteen core funds, as well as a "window" containing a wide variety of mutual funds. The core funds are comprised of eleven "mix your own" investment options and three "pre-mixed" investment strategies. The "mix your own" investment options include various mutual funds, a separately managed portfolio of short- and long-term investment contracts, a small-capitalization equity index fund and Common Stock. The "pre-mixed" investment strategy options are made up of different allocations of investment options providing various combinations of stocks and fixed income investments.

The Plan allows Participants, at any time, to change their contribution percentage, to change their investment option allocation for future contributions or to transfer their account balance attributable to Participant contributions from one investment option to another. At December 31, 2003, the number of Participants contributing to the Plan was 8,275. Company contributions are primarily made from Common Stock shares released from the Leveraged ESOP Account. Forfeitures of non-vested Company contributions due to termination of Plan participation may be used

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to reduce the amount of future Company contributions to the Plan or may be applied to administrative expenses. A Participant who has attained at least the age of 50 and completed five years of service will be permitted to transfer all or any portion of Company contributions made to his or her account and any earnings thereon to one or more of the other investment options. Any future Company contributions will continue to be invested in Common Stock.

A Participant may borrow from his or her account a minimum of \$1,000 up to a maximum of \$50,000 or 50% of the vested value of the Participant's account, whichever is less. The vested portion of a Participant's account will be pledged as security for the loan. The annual rate of interest for loans is determined taking into account the prime rate at the time of origination. The interest rate for Participant loans is fixed and ranged from 4.00% to 9.75% for loans outstanding at December 31, 2003.

Withdrawals by Participants from their accounts during their employment are permitted with certain penalties and restrictions. The penalties limit a Participant's contributions to the Plan for varying periods following a withdrawal.

Transfers to (from) the Plan generally represent net transfers between the Plan and either the FPL Bargaining Plan or, prior to December 31, 2003, the FPL Energy OSI Plan. The majority of transfers arise as a result of Participants transferring between bargaining unit and non-bargaining unit status while employed by Florida Power & Light Company (FPL), FPL Energy Maine or Seabrook. As a result of the FPL Energy OSI Plan merger into the Plan on December 31, 2003, assets totaling \$22,812,467 were transferred into the Plan and are included in transfers to the Plan - net on the statement of changes in net assets available for benefits.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Investment income and interest income on loans to Participants is recognized when earned. Contributions by Participants and Company contributions are accrued on the basis of amounts withheld through payroll deductions. Distributions to Participants are recorded when paid. Certain amounts included in the 2002 statement of net assets available for benefits have been reclassified to conform to the 2003 presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, except insurance and financial institution investment contracts which are stated at contract value (see Investment Contracts below). Included in general investments and investment in Master Trust are shares of registered investment companies valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Common Stock is valued at its quoted market price. Loans to Participants are valued at cost, which approximates fair value. Investment securities, in general, are exposed to various

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risks, such as interest rate, credit and overall market volatility, which could result in changes in the value of such securities.

Purchases and sales of investment securities are recorded on the trade date. Gains or losses on sales of investment securities are determined using the carrying amount of the securities. The carrying amounts of securities held in Participant accounts are adjusted daily; securities held in the Leveraged ESOP Account (see Note 2) are adjusted annually. Unrealized appreciation or depreciation is recorded to recognize changes in market value.

Investment Contracts

The Plan has entered into investment contracts with various insurance companies and financial institutions. The contracts are fully benefit responsive and are included in the financial statements at contract value (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses). There are no reserves against contract values for credit risk of the contract issuer or otherwise. At December 31, 2003, the contract value and fair value of investment contracts were \$274,834,000 and \$279,657,000, respectively. At December 31, 2002, the contract value and fair value of investment contracts were \$249,630,000 and \$259,683,000, respectively. The average yield for the portfolio of investment contracts was 4.38% and 4.91% for 2003 and 2002, respectively. The crediting interest rate at December 31, 2003 and 2002 was 3.80% and 4.96%, respectively. The crediting interest rate is based on an agreed-upon formula with the issuers, but cannot be less than zero. See Note 8.

2. Employee Stock Ownership Plan Account Allocation

The assets, liabilities and net income of the Leveraged ESOP Account are not considered plan assets but are for the joint benefit of the Plan, the FPL Bargaining Plan and the FPL Energy OSI Plan. The Leveraged ESOP Account is allocated for financial reporting purposes based on each plan's relative end-of-year net assets. Due to the FPL Energy OSI Plan's merger into the Plan on December 31, 2003, the income effects of the Leveraged ESOP Account for 2003 were allocated based on the net assets immediately prior to the merger. The income effects were allocated 69.9%, 28.8% and 1.3% to the Plan, the FPL Bargaining Plan and the FPL Energy OSI Plan, respectively. The Plan's allocation of Common Stock held in the Leveraged ESOP Account (employer securities), Acquisition Indebtedness and interest payable have been reflected in the statements of net assets available for benefits, but are not available for, or the obligation of, Plan Participants. The employer securities will be released from the Leveraged ESOP Account and allocated to accounts of Participants under the Plan in satisfaction of part or all of the Company's matching contribution obligation under the Plan as the Acquisition Indebtedness is repaid (see Note 3). ESOP shares allocated through year end are included in the investment in Master Trust amount on the statements of net assets available for benefits. The Acquisition Indebtedness will be repaid from dividends on the shares acquired by the Leveraged ESOP Account, as well as from cash contributions from FPL Group. The net effect of a change in the allocation percentage from year to year is reported as a reallocation of the Leveraged ESOP Account. The value of the shares allocated to accounts of participants under the plans is not affected by these allocations.

Condensed financial statements of the Leveraged ESOP Account are presented below, indicating the allocations made to each plan. The effect of 2003 Leveraged ESOP activity on net assets is included in transfers in the financial statements of each plan. Allocation of shares to the plans is presented as noncash contributions in the financial statements of each plan.

| | Total Leveraged ESOP Account | The Plan | The FPL Bargaining Plan | The FPL Energy OSI Plan |
|-----------------------|------------------------------------|----------|-------------------------------|----------------------------------|
| | | | | |
| Allocation percentage | 100.0% | 71.2% | 28.8% | |

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| | | | | |
|--|-----------------------|----------------------|----------------------|----------------|
| Accrued interest | \$ 320 | \$ 228 | \$ 92 | |
| Employer securities | 382,700,786 | 272,520,464 | 110,180,322 | |
| Total assets | <u>382,701,106</u> | <u>272,520,692</u> | <u>110,180,414</u> | |
| Interest payable | 802,926 | 571,762 | 231,164 | |
| Acquisition indebtedness | 248,583,800 | 177,016,027 | 71,567,773 | |
| Total liabilities | <u>249,386,726</u> | <u>177,587,789</u> | <u>71,798,937</u> | |
| Net assets at December 31, 2003 | <u>\$ 133,314,380</u> | <u>\$ 94,932,903</u> | <u>\$ 38,381,477</u> | |
| Contributions received from employer | \$ 21,822,132 | | | |
| Interest income | 1,365 | | | |
| Dividends | 14,696,314 | | | |
| Net appreciation in fair value of investments | 31,840,686 | | | |
| Total | 68,360,497 | | | |
| Interest expense | <u>25,416,844</u> | | | |
| Net income | 42,943,653 | \$ 30,030,198 | \$ 12,363,564 | \$ 549,891 |
| Allocation of shares to plans | (26,331,025) | (17,293,654) | (7,114,501) | (1,922,870) |
| Reallocation of Leveraged ESOP | - | (60,404) | (394,599) | 455,003 |
| Effect of current year Leveraged ESOP activity on net assets | 16,612,628 | 12,676,140 | 4,854,464 | (917,976) |
| Net assets at December 31, 2002 | <u>116,701,752</u> | <u>82,256,763</u> | <u>33,527,013</u> | <u>917,976</u> |
| Net assets at December 31, 2003 | <u>\$ 133,314,380</u> | <u>\$ 94,932,903</u> | <u>\$ 38,381,477</u> | <u>\$ -</u> |

3. Acquisition Indebtedness

In December 1990, the Trust, which holds plan assets for the Plan, the FPL Bargaining Plan and the FPL Energy OSI Plan, borrowed \$360 million from FPL Group Capital to purchase approximately 12.4 million shares of Common Stock. The Acquisition Indebtedness is currently scheduled to mature in 2018, bears interest at a fixed rate of 9.69% per year and is to be repaid using dividends received on both Common Stock held by the Leveraged ESOP Account and ESOP shares allocated to accounts of participants under the plans, along with cash contributions from FPL Group. For those dividends on shares allocated to accounts of participants under the plans used to repay the loan, additional shares, equal in value to those dividends, will be allocated to accounts of participants under the plans. In 2003, dividends received from both shares held by the Leveraged ESOP Account and shares allocated to accounts of participants under the plans totaled approximately \$14,696,000 and \$8,465,000, respectively. Cash contributed in 2003 by FPL Group for the debt service shortfall totaled approximately \$21,822,000.

The unallocated shares of Common Stock acquired with the proceeds of the Acquisition Indebtedness are collateral for the Acquisition Indebtedness. As principal payments are made, a percentage of Common Stock is released as collateral and becomes available to satisfy matching contributions, as well as to repay dividends on ESOP shares allocated to accounts of participants under the plans for debt service. During 2003, 563,804 shares of Common Stock were released as collateral for the Acquisition Indebtedness. The scheduled principal repayments of the

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Acquisition Indebtedness for the next five years and thereafter are as follows: 2004 - \$5,604,000; 2005 - \$6,200,000; 2006 - \$8,408,000; 2007 - \$9,645,600; 2008 - \$11,130,500 and thereafter - \$207,595,700.

See Note 2 for information on the Plan's allocation percentage of the Acquisition Indebtedness.

4. Parties-In-Interest Transactions

Company contributions are primarily made in Common Stock released from the Leveraged ESOP Account or in cash which is used by the Trustee to purchase Common Stock. Such amounts are reported as noncash contributions (from employer) and contributions received from employer, respectively. During 2003, all Company contributions were made in Common Stock released from the Leveraged ESOP Account.

Dividend income earned by the Plan results from dividends on Common Stock. Dividends on shares held in the Leveraged ESOP Account were used to repay the Acquisition Indebtedness (see Note 3). Certain dividends on shares held in Participants' accounts are reinvested in Common Stock for the benefit of its Participants pursuant to FPL Group's Dividend Reinvestment and Common Share Purchase Plan in which the Trustee participates.

Certain Plan investments are managed by an affiliate of the Trustee and, therefore, these transactions qualify as party-in-interest transactions.

5. Investments

Investments that represent five percent or more of the Plan's net assets available for benefits are as follows:

| | December 31, | |
|---|----------------|----------------|
| | 2003 | 2002 |
| FPL Managed Income Fund | \$ 255,243,389 | \$ 238,782,326 |
| Spartan U.S. Equity Index Fund | 86,478,291 | 68,250,045 |
| Fidelity Magellan Fund | 82,239,664 | 68,646,555 |
| FPL Group Stock Fund ⁽¹⁾ | 196,604,467 | 197,142,025 |
| FPL Group Stock LESOP Fund ⁽²⁾ | 173,175,354 | 150,608,119 |

(1) Includes short-term investments of \$8,388 and \$681,428 at December 31, 2003 and 2002, respectively, to provide liquidity.

(2) Represents Company matching contributions in Common Stock which are nonparticipant-directed investments of the Plan. Includes short-term investments of \$1,255,052 and \$1,160,427 at December 31, 2003 and 2002, respectively, to provide liquidity.

6. Income Taxes

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In August 2001, FPL received from the Internal Revenue Service (IRS) a favorable determination that the Plan, as amended and restated effective December 1, 2000, met the requirements of Section 401 of the Code. The Plan has been amended since receiving the determination letter; the Company and the plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan and related trust continue to be tax-exempt. The Trust established under the Plan will generally be exempt from federal income taxes under Section 501(a) of the Code; Company contributions paid to the Trust under the Plan will be allowable federal income tax deductions of the Company subject to the conditions and limitations of Section 404 of the Code; and the Plan will meet the requirements of Section 401(k) of the Code allowing Pretax Contributions to be exempt from federal income tax at the time such contributions are made, provided that in operation the Plan and Trust meet the applicable provisions of the Code. In addition, FPL Group will be able to claim an income tax deduction for dividends used to repay the Acquisition Indebtedness and for dividends on Common Stock distributed directly to Participants. Participants are given the option to receive dividend distributions in cash in compliance with 2002 tax law changes; dividends earned by Participants are deductible by FPL Group.

Company contributions to the Plan on a Participant's behalf, the Participant's Pretax Contributions, and the earnings thereon generally are not taxable to the Participant until such Company contributions, Pretax Contributions, and earnings from investments are distributed or withdrawn. A loan from a Participant's account generally will not represent a taxable distribution if the loan is repaid in a timely manner and does not exceed certain limitations.

7. Expenses

Certain fees, such as investment management fees, are paid by Plan Participants. Trustee's fees and expenses are paid primarily with amounts contained in the forfeiture accounts of the Trust and are reflected in the financial statements as administrative expenses. Any fees and expenses exceeding the amount paid from the forfeiture accounts are paid by FPL Group (which may charge each company whose employees participate under the Plan its allocated share) and, therefore, are not reflected in the financial statements.

8. Master Trust

A portion of the Plan's investments are in a master trust (Master Trust) which was established for the investment of assets of the Plan, the FPL Bargaining Plan and the FPL Energy OSI Plan. Each participating plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by the Trustee. The assets, income and expenses are allocated among the participating plans in proportion to the fair value of the net assets invested in each plan.

A summary of participating interest in and financial statements for the Master Trust follows.

| | Percent of Interest in Master Trust | |
|--|---|-------|
| | December 31, | |
| | 2003 | 2002 |
| <u>FPL MANAGED INCOME PORTFOLIO</u> | | |
| FPL Group Employee Thrift Plan EIN 59-0247775 | 74.7% | 74.8% |

PN 002

| | | |
|---|-------|-------|
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company EIN 59-0247775 PN 003 | 25.3% | 25.0% |
|---|-------|-------|

| | | |
|--|---|------|
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 0.2% |
|--|---|------|

CONSERVATIVE INVESTMENT STRATEGY

| | | |
|--|-------|-------|
| FPL Group Employee Thrift Plan EIN 59-0247775 PN 002 | 80.8% | 80.4% |
|--|-------|-------|

| | | |
|---|-------|-------|
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company EIN 59-0247775 PN 003 | 19.2% | 18.2% |
|---|-------|-------|

| | | |
|--|---|------|
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 1.4% |
|--|---|------|

MODERATE GROWTH INVESTMENT STRATEGY

| | | |
|--|-------|-------|
| FPL Group Employee Thrift Plan EIN 59-0247775 PN 002 | 76.8% | 75.8% |
|--|-------|-------|

| | | |
|---|-------|-------|
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company EIN 59-0247775 PN 003 | 23.2% | 23.9% |
|---|-------|-------|

| | | |
|--|---|------|
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 0.3% |
|--|---|------|

LONG-TERM GROWTH INVESTMENT STRATEGY

| | | |
|--|-------|-------|
| FPL Group Employee Thrift Plan EIN 59-0247775 PN 002 | 74.4% | 71.7% |
|--|-------|-------|

| | | |
|--|--|--|
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of | | |
|--|--|--|

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| | | |
|---|-------|-------|
| Florida Power & Light Company EIN 59-0247775 | 25.6% | 28.1% |
| PN 003 | | |
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 0.2% |
| <u>FPL Group Stock Fund</u> FPL Group Employee Thrift Plan EIN 59-0247775 PN 002 | 66.6% | 66.2% |
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company EIN 59-0247775 | 33.4% | 33.5% |
| PN 003 | | |
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 0.3% |
| <u>FPL Group Stock LESOP Fund</u> FPL Group Employee Thrift Plan EIN 59-0247775 PN 002 | 72.4% | 71.2% |
| Employee Thrift and Retirement Savings Plan for Bargaining Unit Employees of Florida Power & Light Company EIN 59-0247775 | 27.6% | 27.9% |
| PN 003 | | |
| FPL Energy Operating Services, Inc. Employee Thrift Plan EIN 65-0471798 PN 001 | - | 0.9% |

FPL MANAGED INCOME PORTFOLIO

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|--|-----------------------|-----------------------|
| | 2003 | 2002 |
| ASSETS | | |
| General investments: | | |
| Value of unallocated insurance and financial institution contracts | \$ 341,611,464 | \$ 324,025,276 |
| Total | 341,611,464 | 324,025,276 |
| LIABILITIES | | |
| | - | 4,850,145 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 341,611,464 | \$ 319,175,131 |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2003 |
|---|------------------------------------|
| ADDITIONS | |
| Contributions received from Participants | \$ 10,308,567 |
| Earnings on investments: | |
| Interest | 14,130,701 |
| Total | 24,439,268 |
| DEDUCTIONS | |
| Benefit payments to Participants or beneficiaries | 25,935,320 |
| Account maintenance fees | 6,116 |
| Total | 25,941,436 |
| NET DECREASE | (1,502,168) |
| TRANSFERS | |
| Transfers into fund | 508,228,288 |
| Transfers out of fund | (484,289,787) |
| Net transfers | 23,938,501 |

| | |
|---|----------------|
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2002 | 319,175,131 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2003 | \$ 341,611,464 |

CONSERVATIVE INVESTMENT STRATEGY

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|---|----------------------|----------------------|
| | 2003 | 2002 |
| ASSETS | | |
| Receivables: | | |
| Income | \$ 54,565 | \$ 59,243 |
| Other | 26,143 | 51 |
| Total receivables | <u>80,708</u> | <u>59,294</u> |
| General investments: | | |
| Value of unallocated insurance and financial institution contracts | 9,658,896 | 9,458,818 |
| Mutual funds | <u>9,811,633</u> | <u>9,000,545</u> |
| Total general investments | <u>19,470,529</u> | <u>18,459,363</u> |
| Total | <u>19,551,237</u> | <u>18,518,657</u> |
| LIABILITIES | <u>52,316</u> | <u>142,999</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 19,498,921</u> | <u>\$ 18,375,658</u> |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2003 |
|---|------------------------------------|
| ADDITIONS | |
| Contributions received from Participants | \$ 904,663 |
| Earnings on investments: | |
| Interest | 382,335 |
| Dividends | 303,007 |
| Net appreciation in fair value of investments | 1,261,239 |
| Total | 2,851,244 |
| DEDUCTIONS | |
| Benefit payments to Participants or beneficiaries | 1,847,820 |
| Account maintenance fees | 543 |
| Total | 1,848,363 |
| NET INCREASE | 1,002,881 |
| TRANSFERS | |
| Transfers into fund | 4,314,612 |
| Transfers out of fund | (4,194,230) |
| Net transfers | 120,382 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2002 | 18,375,658 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2003 | \$ 19,498,921 |

MODERATE GROWTH INVESTMENT STRATEGY

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|---------------|--------------|------|
| | 2003 | 2002 |
| ASSETS | | |
| Receivables: | | |

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| | | |
|--|----------------------|----------------------|
| Income | \$ 132,824 | \$ 128,524 |
| Other | <u>144,781</u> | <u>605</u> |
| Total receivables | <u>277,605</u> | <u>129,129</u> |
| General investments: | | |
| Value of unallocated insurance and financial institution contracts | 17,692,382 | 16,440,242 |
| Mutual funds | <u>56,186,759</u> | <u>47,306,187</u> |
| Total general investments | <u>73,879,141</u> | <u>63,746,429</u> |
| Total | <u>74,156,746</u> | <u>63,875,558</u> |
| LIABILITIES | <u>8,329</u> | <u>246,084</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 74,148,417</u> | <u>\$ 63,629,474</u> |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2003 |
|---|------------------------------------|
| ADDITIONS | |
| Contributions received from Participants | \$ 3,549,642 |
| Earnings on investments: | |
| Interest | 687,584 |
| Dividends | 1,281,532 |
| Net appreciation in fair value of investments | <u>8,813,751</u> |
| Total | <u>14,332,509</u> |
| DEDUCTIONS | |
| Benefit payments to Participants or beneficiaries | 4,633,606 |
| Account maintenance fees | <u>2,741</u> |
| Total | <u>4,636,347</u> |
| NET INCREASE | <u>9,696,162</u> |
| TRANSFERS | |
| Transfers into fund | 10,719,607 |

| | |
|---|---------------|
| Transfers out of fund | (9,896,826) |
| Net transfers | 822,781 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2002 | 63,629,474 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2003 | \$ 74,148,417 |

LONG-TERM GROWTH INVESTMENT STRATEGY

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|---|----------------------|----------------------|
| | 2003 | 2002 |
| ASSETS | | |
| Receivables: | | |
| Income | \$ 76,151 | \$ 69,181 |
| Other | 250,216 | 14,516 |
| Total receivables | 326,367 | 83,697 |
| General investments: | | |
| Value of unallocated insurance and financial institution contracts | 8,100,835 | 7,246,428 |
| Mutual funds | 76,090,215 | 62,493,918 |
| Total general investments | 84,191,050 | 69,740,346 |
| Total | 84,517,417 | 69,824,043 |
| LIABILITIES | - | 114,960 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 84,517,417 | \$ 69,709,083 |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended
December 31,
2003

ADDITIONS

Contributions received from Participants \$ 5,128,024

Earnings on investments:

Interest 289,660

Dividends 1,365,472

Net appreciation in fair value of investments 15,288,010

Total 22,071,166

DEDUCTIONS

Benefit payments to Participants or beneficiaries 4,333,819

Account maintenance fees 4,013

Total 4,337,832

NET INCREASE 17,733,334

TRANSFERS

Transfers into fund 7,800,614

Transfers out of fund (10,725,614)

Net transfers (2,925,000)

NET ASSETS AVAILABLE FOR BENEFITS AT
DECEMBER 31, 2002 69,709,083

NET ASSETS AVAILABLE FOR BENEFITS AT
DECEMBER 31, 2003 \$ 84,517,417

FPL GROUP STOCK FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| December 31, | |
|--------------|------|
| 2003 | 2002 |
| | |

ASSETS

Receivables:

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| | | |
|-----------------------------------|----------------|----------------|
| Income | \$ 69 | \$ 1,758 |
| Other | 2,533,625 | 2,025,302 |
| Total receivables | 2,533,694 | 2,027,060 |
| General investments: | | |
| Money market | 12,590 | 1,028,685 |
| Employer securities | 295,610,784 | 294,932,634 |
| Total | 298,157,068 | 297,988,379 |
| LIABILITIES | 3,100,168 | 300,777 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 295,056,900 | \$ 297,687,602 |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2003 |
|---|------------------------------------|
| ADDITIONS | |
| Contributions received from Participants | \$ 5,773,753 |
| Earnings on investments: | |
| Interest | 11,169 |
| Dividends | 11,451,345 |
| Net appreciation in fair value of investments | 25,627,988 |
| Total | 42,864,255 |
| DEDUCTIONS | |
| Benefit payments to Participants or beneficiaries | 14,691,566 |
| Account maintenance fees | 18,598 |
| Total | 14,710,164 |
| NET INCREASE | 28,154,091 |
| TRANSFERS | |
| Transfers into fund | 100,227,235 |

| | |
|---|----------------|
| Transfers out of fund | (131,012,028) |
| Net transfers | (30,784,793) |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2002 | 297,687,602 |
| NET ASSETS AVAILABLE FOR BENEFITS AT DECEMBER 31, 2003 | \$ 295,056,900 |

FPL GROUP STOCK LESOP FUND
(nonparticipant-directed)

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|--|-----------------------|-----------------------|
| | 2003 | 2002 |
| ASSETS | | |
| Receivables: | | |
| Income | \$ 1,641 | \$ 1,857 |
| Other | 1,574,455 | 424,822 |
| Total receivables | 1,576,096 | 426,679 |
| General investments: | | |
| Money market | 1,692,161 | 1,630,356 |
| Employer securities | 236,137,546 | 209,630,859 |
| Total | 239,405,803 | 211,687,894 |
| LIABILITIES | 220,791 | 69,480 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 239,185,012 | \$ 211,618,414 |

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2003 |
|------------------|------------------------------------|
| ADDITIONS | |

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| | | | | |
|------------------------|-------------|---------|-----------------|-----------------|
| AIM WEINGARTEN A | 3,776.785 | \$12.08 | \$42,754.53 | \$45,623.56 |
| ALGER CAP APPREC I | 523,335.780 | \$11.33 | \$8,334,645.40 | \$5,929,394.39 |
| ALGER MIDCAP GRTH I | 277,233.640 | \$15.28 | \$4,029,969.44 | \$4,236,130.02 |
| ALGER SMALL CAP I | 30,938.826 | \$15.55 | \$696,508.16 | \$481,098.74 |
| AMR BALANCED PA | 2,010.457 | \$12.89 | \$23,645.08 | \$25,914.79 |
| AMR LARGE CAP VAL PA | 8,651.885 | \$16.22 | \$110,968.82 | \$140,333.57 |
| AMR SH TERM BOND PA | 1,522.029 | \$9.32 | \$14,452.30 | \$14,185.31 |
| ARIEL APPRECIATION | 100,234.820 | \$43.30 | \$3,805,399.97 | \$4,340,167.71 |
| ARIEL FUND | 47,058.949 | \$45.12 | \$1,842,249.18 | \$2,123,299.78 |
| ARIEL PREM BOND INV | 3,046.371 | \$10.37 | \$31,595.99 | \$31,590.87 |
| BARON ASSET FUND | 6,201.919 | \$43.83 | \$275,436.12 | \$271,830.11 |
| BARON GROWTH | 70,952.694 | \$35.44 | \$2,233,036.44 | \$2,514,563.48 |
| BGI RUSSELL 2000 K | 179,727.892 | \$9.94 | \$1,575,801.85 | \$1,786,495.25 |
| BRANDYWINE FUND | 729,950.071 | \$24.03 | \$21,260,979.23 | \$17,540,700.21 |
| CALVERT CAP ACC A | 4,453.018 | \$22.01 | \$87,976.90 | \$98,010.93 |
| CALVERT INTL EQTY A | 7,141.427 | \$16.30 | \$113,780.25 | \$116,405.26 |
| CALVERT NEWVIS SM CP | 12,818.961 | \$19.03 | \$213,790.40 | \$243,944.83 |
| CALVERT SIF BALNCD A | 34.102 | \$25.89 | \$890.81 | \$882.90 |
| CS CAP APPREC COM | 21,472.000 | \$15.31 | \$499,872.52 | \$328,736.32 |
| CS EMERGING GRTH COM | 3,605.410 | \$27.40 | \$120,942.00 | \$98,788.23 |
| CS GLOBAL FX INC COM | 13,823.757 | \$10.10 | \$146,388.10 | \$139,619.95 |
| CS SMALL CAP VAL COM | 31,702.708 | \$20.54 | \$633,661.65 | \$651,173.62 |
| DOMINI SOCIAL EQUITY | 7,195.861 | \$27.31 | \$233,129.68 | \$196,518.96 |
| DREY FNDRS BALNCED F | 2,037.122 | \$7.88 | \$15,715.29 | \$16,052.52 |
| DREY FNDRS DISCVRY F | 37,174.557 | \$25.98 | \$1,271,986.37 | \$965,794.99 |
| DREY FNDRS G & I F | 32,087.831 | \$4.57 | \$154,443.37 | \$146,641.39 |
| DREY FNDRS GROWTH F | 18,674.186 | \$9.83 | \$268,346.82 | \$183,567.25 |
| DREY FNDRS MC GRTH F | 7,138.889 | \$3.58 | \$25,631.04 | \$25,557.22 |
| DREY FNDRS PASSPRT F | 10,130.232 | \$14.24 | \$282,948.39 | \$144,254.50 |
| DREY FNDRS WW GRTH F | 90,459.871 | \$11.41 | \$1,078,699.53 | \$1,032,147.13 |
| FID AGGRESSIVE INT'L * | 16,449.638 | \$15.21 | \$236,284.54 | \$250,198.99 |
| FID ASSET MANAGER * | 39,358.053 | \$15.76 | \$598,502.42 | \$620,282.92 |
| FID ASSET MGR AGGRES * | 10,545.629 | \$10.24 | \$104,164.72 | \$107,987.24 |
| FID ASSET MGR GROWTH * | 23,025.015 | \$14.28 | \$391,612.94 | \$328,797.21 |
| FID ASSET MGR INCOME * | 38,639.905 | \$12.15 | \$434,299.04 | \$469,474.85 |
| FID FOCUSED STOCK * | 4,363.782 | \$8.77 | \$50,107.81 | \$38,270.37 |
| FID FOUR IN ONE IDX * | 4,314.041 | \$22.80 | \$88,621.54 | \$98,360.13 |
| FID FREEDOM 2000 * | 72,455.506 | \$11.78 | \$852,151.42 | \$853,525.86 |
| FID FREEDOM 2010 * | 143,882.550 | \$13.02 | \$1,883,690.40 | \$1,873,350.80 |
| FID FREEDOM 2020 * | 88,964.264 | \$13.02 | \$1,148,270.35 | \$1,158,314.72 |
| FID FREEDOM 2030 * | 41,547.017 | \$12.95 | \$542,797.47 | \$538,033.87 |

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| | | | | |
|------------------------|-------------|---------|-----------------|-----------------|
| FID FREEDOM 2040 * | 14,807.780 | \$7.56 | \$104,749.35 | \$111,946.82 |
| FID FREEDOM INCOME * | 2,747.061 | \$11.09 | \$29,704.10 | \$30,464.91 |
| FID INDEPENDENCE FD * | 28,982.426 | \$16.06 | \$627,989.83 | \$465,457.76 |
| FID INST SH-INT GOVT * | 28,372.670 | \$9.76 | \$275,632.32 | \$276,917.26 |
| FID REAL ESTATE INVS * | 150,000.117 | \$23.71 | \$3,068,931.31 | \$3,556,502.77 |
| FID SM CAP INDEPEND * | 9,310.336 | \$17.94 | \$145,782.33 | \$167,027.43 |
| FIDELITY AGGR GROWTH * | 380,210.624 | \$14.93 | \$12,410,668.21 | \$5,676,544.62 |
| FIDELITY BALANCED * | 119,836.042 | \$16.75 | \$1,911,556.32 | \$2,007,253.70 |
| FIDELITY BLUE CHIP * | 92,011.114 | \$39.63 | \$3,953,374.60 | \$3,646,400.45 |
| FIDELITY CANADA * | 21,473.268 | \$27.39 | \$525,480.48 | \$588,152.81 |
| FIDELITY CAP & INC * | 208,890.548 | \$8.06 | \$1,649,914.24 | \$1,683,657.82 |
| FIDELITY CAP APPREC * | 137,480.675 | \$24.51 | \$3,043,372.10 | \$3,369,651.34 |
| FIDELITY CONV SEC * | 71,034.738 | \$20.17 | \$1,448,549.53 | \$1,432,770.67 |
| FIDELITY DISC EQUITY * | 13,369.487 | \$22.74 | \$337,307.50 | \$304,022.13 |
| FIDELITY DISCOVERY * | 59,824.530 | \$10.34 | \$646,441.45 | \$618,585.64 |
| FIDELITY DIVD GROWTH * | 198,824.345 | \$27.30 | \$5,295,297.89 | \$5,427,904.62 |
| FIDELITY DIVERS INTL * | 133,092.933 | \$24.12 | \$2,889,625.63 | \$3,210,201.54 |
| FIDELITY EMERG MRKTS * | 30,505.790 | \$10.61 | \$252,313.90 | \$323,666.43 |
| FIDELITY EQ INC II * | 45,930.558 | \$22.78 | \$1,011,214.86 | \$1,046,298.11 |
| FIDELITY EQUITY INC * | 58,477.930 | \$49.75 | \$2,826,822.35 | \$2,909,277.02 |
| FIDELITY EUR CAP APP * | 8,754.240 | \$18.70 | \$153,001.03 | \$163,704.29 |
| FIDELITY EUROPE * | 14,599.685 | \$26.62 | \$396,095.41 | \$388,643.61 |
| FIDELITY EXP & MULTI * | 56,169.004 | \$18.16 | \$940,703.56 | \$1,020,029.11 |
| FIDELITY FIFTY * | 99,358.063 | \$19.28 | \$1,784,004.03 | \$1,915,623.45 |
| FIDELITY FUND * | 54,343.508 | \$28.08 | \$1,591,302.21 | \$1,525,965.70 |
| FIDELITY GINNIE MAE * | 253,093.687 | \$11.08 | \$2,815,303.76 | \$2,804,278.05 |
| FIDELITY GLOBAL BAL * | 5,525.907 | \$18.87 | \$88,312.41 | \$104,273.87 |
| FIDELITY GOVT INCOME * | 235,573.485 | \$10.22 | \$2,430,171.90 | \$2,407,561.02 |
| FIDELITY GR & INC II * | 79,528.001 | \$9.27 | \$687,012.16 | \$737,224.57 |
| FIDELITY GROWTH CO * | 112,042.013 | \$50.07 | \$6,567,201.26 | \$5,609,943.59 |
| FIDELITY HIGH INCOME * | 107,070.507 | \$8.94 | \$966,945.56 | \$957,210.33 |
| FIDELITY INT GOV INC * | 37,056.774 | \$10.29 | \$378,342.77 | \$381,314.20 |
| FIDELITY INTER BOND * | 100,541.762 | \$10.66 | \$1,057,900.56 | \$1,071,775.18 |
| FIDELITY INTL GR&INC * | 11,006.218 | \$23.92 | \$230,827.67 | \$263,268.73 |
| FIDELITY INVST GR BD * | 168,634.773 | \$7.55 | \$1,238,793.59 | \$1,273,192.54 |
| FIDELITY JAPAN * | 98,517.380 | \$11.54 | \$1,233,149.78 | \$1,136,890.57 |
| FIDELITY LATIN AMER * | 19,739.844 | \$15.22 | \$279,144.76 | \$300,440.43 |
| FIDELITY LG-CAP STK * | 42,895.608 | \$13.88 | \$639,103.60 | \$595,391.04 |
| FIDELITY LOW PR STK * | 393,407.724 | \$34.98 | \$11,601,156.46 | \$13,761,402.19 |
| FIDELITY MAGELLAN * | 841,412.560 | \$97.74 | \$80,839,540.25 | \$82,239,663.61 |
| FIDELITY MID-CAP STK * | 164,457.723 | \$21.57 | \$3,611,359.70 | \$3,547,353.09 |

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|------------------------|----------------|---------|------------------|------------------|
| FIDELITY NEW MKT INC * | 135,064.959 | \$13.90 | \$1,707,118.91 | \$1,877,402.93 |
| FIDELITY OTC PORT * | 1,752,346.234 | \$32.47 | \$68,559,977.55 | \$56,898,682.22 |
| FIDELITY OVERSEAS * | 673,706.058 | \$31.43 | \$21,259,862.51 | \$21,174,581.40 |
| FIDELITY PAC BASIN * | 21,939.464 | \$17.53 | \$383,085.55 | \$384,598.80 |
| FIDELITY PURITAN * | 46,476.912 | \$18.47 | \$819,973.05 | \$858,428.56 |
| FIDELITY RET GOVT MM * | 14,183,793.720 | \$1.00 | \$14,183,793.72 | \$14,183,793.72 |
| FIDELITY SE ASIA * | 18,557.057 | \$14.58 | \$231,025.07 | \$270,561.89 |
| FIDELITY SH TERM BD * | 97,165.612 | \$9.04 | \$861,523.58 | \$878,377.13 |
| FIDELITY SM CAP STK * | 140,617.537 | \$17.10 | \$2,006,343.43 | \$2,404,559.88 |
| FIDELITY STK SELECTR * | 4,331.719 | \$20.99 | \$105,705.65 | \$90,922.78 |
| FIDELITY STRAT INC * | 40,553.605 | \$10.50 | \$407,773.33 | \$425,812.85 |
| FIDELITY TREND * | 495.726 | \$48.98 | \$21,835.85 | \$24,280.66 |
| FIDELITY US BD INDEX * | 1,759,495.881 | \$11.19 | \$19,042,102.81 | \$19,688,758.91 |
| FIDELITY UTILITIES * | 73,591.019 | \$11.48 | \$1,036,957.96 | \$844,824.90 |
| FIDELITY VALUE * | 81,027.385 | \$62.07 | \$4,301,359.58 | \$5,029,369.79 |
| FIDELITY WORLDWIDE * | 4,225.735 | \$16.37 | \$63,355.08 | \$69,175.28 |
| FKLN SMMIDCAP GRTH A | 21,470.017 | \$30.22 | \$812,387.11 | \$648,823.91 |
| FMA SMALL COMPANY IS | 9,858.537 | \$21.61 | \$184,707.81 | \$213,042.98 |
| FPA CRESCENT | 80,887.416 | \$21.79 | \$1,542,487.58 | \$1,762,536.79 |
| FPL CONS INV STRGY * | 770,671.529 | \$20.43 | \$10,959,216.46 | \$15,744,819.34 |
| FPL GROUP STK LESOP * | 9,761,857.613 | \$17.74 | \$132,882,208.53 | \$173,175,354.05 |
| FPL GROUP STOCK * | 11,183,416.755 | \$17.58 | \$121,031,576.29 | \$196,604,466.55 |
| FPL MANAGED INCOME * | 255,243,388.86 | \$1.00 | \$255,243,388.86 | \$255,243,388.86 |
| INVESCO CORE EQUITY | 7,975.953 | \$11.41 | \$98,848.17 | \$91,005.62 |
| INVESCO DYNAMICS | 98,356.760 | \$14.74 | \$2,072,434.47 | \$1,449,778.64 |
| INVESCO SM CO GROWTH | 18,495.361 | \$11.12 | \$256,557.23 | \$205,668.41 |
| INVESCO TOTAL RETURN | 3,386.116 | \$23.94 | \$80,737.74 | \$81,063.62 |
| JANUS ADV BALANCED I | 8,703.521 | \$23.59 | \$199,636.79 | \$205,316.06 |
| JANUS ADV CAP APPR I | 16,168.362 | \$21.31 | \$326,226.93 | \$344,547.79 |
| JANUS ADV FLEX INC I | 11,985.546 | \$12.55 | \$150,582.53 | \$150,418.60 |
| JANUS ADV INTL GRTH | 7,254.056 | \$24.27 | \$171,150.71 | \$176,055.94 |
| JANUS ADV MC GRTH I | 5,561.753 | \$20.82 | \$120,361.65 | \$115,795.70 |
| JANUS ADV WRLDWISE I | 3,253.627 | \$26.39 | \$88,205.29 | \$85,863.22 |
| JANUS ADVISER GRTH I | 6,628.880 | \$19.80 | \$128,860.22 | \$131,251.82 |
| JANUS FLEX INCOME | 84,879.319 | \$9.80 | \$812,815.49 | \$831,817.33 |
| LONG-TERM STRGY * | 2,376,729.900 | \$26.47 | \$41,009,410.07 | \$62,912,040.45 |
| MANAGERS BOND FUND | 46,464.773 | \$24.58 | \$1,102,565.73 | \$1,142,104.12 |
| MANAGERS CAP APPREC | 1,758.045 | \$25.46 | \$42,519.05 | \$44,759.83 |
| MANAGERS SPECIAL EQ | 6,044.261 | \$78.49 | \$434,408.23 | \$474,414.05 |
| MANAGERS VALUE | 3,280.219 | \$26.24 | \$77,094.67 | \$86,072.95 |
| | 2,230,820.788 | \$25.53 | \$33,950,840.99 | \$56,952,854.72 |

MODERATE GRWTH STRGY

*

| | | | | |
|-----------------------|---------------|---------|-----------------|-----------------|
| MSI ACTIVE INTL B | 1,316.629 | \$9.72 | \$15,906.04 | \$12,797.63 |
| MSI EMERGING MKTS B | 16,852.938 | \$15.36 | \$212,186.10 | \$258,861.13 |
| MSI EQUITY GROWTH B | 3,461.709 | \$15.55 | \$69,313.34 | \$53,829.57 |
| MSI GLOBAL VAL EQ B | 11,379.869 | \$15.70 | \$210,700.29 | \$178,663.94 |
| MSI INTL MAGNUM B | 2,795.679 | \$10.18 | \$27,057.18 | \$28,460.01 |
| MSI SM CO GROWTH B | 72,499.339 | \$10.44 | \$807,046.91 | \$756,893.10 |
| MSI VALUE EQUITY B | 14,453.453 | \$9.31 | \$130,837.10 | \$134,561.65 |
| MSIFT BALANCED ADV | 1,302.901 | \$10.81 | \$14,758.01 | \$14,084.36 |
| MSIFT CP FX INC ADV | 4,625.356 | \$11.55 | \$54,084.27 | \$53,422.86 |
| MSIFT HIGH YIELD ADV | 22,905.448 | \$5.42 | \$126,776.85 | \$124,147.53 |
| MSIFT MIDCAP GTH ADV | 25,215.042 | \$16.87 | \$650,629.83 | \$425,377.76 |
| MSIFT VALUE ADVISER | 15,617.035 | \$15.43 | \$233,146.84 | \$240,970.85 |
| MUTUAL DISCOVERY A | 52,348.720 | \$20.66 | \$994,736.13 | \$1,081,524.56 |
| MUTUAL SHARES CL A | 28,651.228 | \$20.89 | \$551,479.14 | \$598,524.15 |
| NB FOCUS TRUST | 72,756.930 | \$26.44 | \$1,804,034.09 | \$1,923,693.23 |
| NB GENESIS TRUST | 61,839.082 | \$37.03 | \$1,929,273.38 | \$2,289,901.21 |
| NB GUARDIAN TRUST | 4,222.890 | \$11.28 | \$47,824.26 | \$47,634.20 |
| NB MANHATTAN TRUST | 8,914.177 | \$9.23 | \$163,430.52 | \$82,277.85 |
| NB PARTNERS TRUST | 4,469.055 | \$16.32 | \$59,790.30 | \$72,934.98 |
| NB SOCIALLY RESP TR | 7,403.996 | \$13.68 | \$90,256.89 | \$101,286.67 |
| PBHG EMERGING GROWTH | 56,495.460 | \$13.14 | \$749,209.48 | \$742,350.34 |
| PBHG GROWTH FUND | 45,653.086 | \$17.81 | \$1,749,263.98 | \$813,081.46 |
| PIMCO CCM CAP AP ADM | 25,508.413 | \$15.89 | \$443,565.93 | \$405,328.68 |
| PIMCO CCM MID CP ADM | 5,549.729 | \$20.10 | \$119,412.72 | \$111,549.55 |
| PIMCO GLOBAL BOND AD | 46,885.302 | \$10.30 | \$474,487.03 | \$482,918.61 |
| PIMCO HIGH YIELD ADM | 165,309.362 | \$9.77 | \$1,559,939.00 | \$1,615,072.47 |
| PIMCO LOW DUR ADM | 54,022.923 | \$10.24 | \$551,960.33 | \$553,194.73 |
| PIMCO LT US GOVT ADM | 192,894.269 | \$10.82 | \$2,139,697.95 | \$2,087,115.99 |
| PIMCO TOT RETURN ADM | 441,477.831 | \$10.71 | \$4,735,124.93 | \$4,728,227.57 |
| RHJ MICRO CAP | 52,015.790 | \$19.79 | \$925,511.34 | \$1,029,392.48 |
| RS EMERGING GROWTH | 22,781.382 | \$28.10 | \$621,316.71 | \$640,156.83 |
| RS SMALLER CO GROWTH | 23,279.946 | \$20.58 | \$440,125.83 | \$479,101.29 |
| SCUDDER 21STC GROWTH | 1,593.596 | \$13.01 | \$17,201.91 | \$20,732.68 |
| SCUDDER GLOBAL DISC | 8,964.813 | \$28.13 | \$242,574.14 | \$252,180.19 |
| SCUDDER GRTH & INC S | 3,390.283 | \$20.14 | \$58,396.32 | \$68,280.30 |
| SCUDDER INTL FUND S | 2,935.347 | \$38.40 | \$104,330.48 | \$112,717.32 |
| SPARTAN 500 INDEX * | 43,736.243 | \$76.60 | \$3,161,229.59 | \$3,350,196.21 |
| SPARTAN INTL INDEX * | 13,570.771 | \$27.26 | \$326,848.68 | \$369,939.22 |
| SPARTAN US EQ INDEX * | 2,194,323.535 | \$39.41 | \$65,814,345.77 | \$86,478,290.51 |

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|---|--------------|---------|------------------------|------------------------|
| SPTN EXTND MKT INDEX * | 19,947.662 | \$27.32 | \$511,688.89 | \$544,970.13 |
| SPTN TOTAL MKT INDEX * | 56,633.950 | \$29.91 | \$1,597,335.86 | \$1,693,921.44 |
| STRONG ADV COM STK Z | 14,513.201 | \$22.15 | \$283,794.24 | \$321,467.40 |
| STRONG DISCOVERY | 4,400.970 | \$19.73 | \$81,881.33 | \$86,831.14 |
| STRONG GOVT SECURITY | 60,403.424 | \$10.88 | \$664,580.67 | \$657,189.25 |
| STRONG GROWTH FUND | 81,403.285 | \$17.19 | \$2,198,125.55 | \$1,399,322.47 |
| STRONG LG CAP GROWTH | 15,226.588 | \$20.94 | \$419,162.06 | \$318,844.75 |
| STRONG MULTI CAP VAL | 3,198.203 | \$55.63 | \$163,448.99 | \$177,916.03 |
| STRONG OPPORTUNITY | 25,737.277 | \$39.45 | \$950,018.51 | \$1,015,335.58 |
| STRONG SHORTTERM BND | 50,955.685 | \$8.84 | \$451,476.55 | \$450,448.26 |
| STRONG ULTRA SHORT | 14,566.884 | \$9.30 | \$136,788.35 | \$135,472.02 |
| TCW GAL AGGR GRTH N | 51,361.484 | \$12.00 | \$580,024.93 | \$616,337.81 |
| TCW GAL SM CAP GR N | 4,784.401 | \$14.67 | \$53,924.79 | \$70,187.16 |
| TCW GALILEO SEL EQ N | 26,630.871 | \$17.07 | \$388,961.23 | \$454,588.97 |
| TEMPLETON DEV MKTS A | 24,177.787 | \$14.99 | \$271,304.89 | \$362,425.03 |
| TEMPLETON FOREIGN A | 433,962.387 | \$10.64 | \$4,282,542.68 | \$4,617,359.80 |
| TEMPLETON GROWTH A | 44,654.005 | \$20.67 | \$819,883.56 | \$922,998.28 |
| TEMPLETON WORLD A | 30,067.496 | \$16.87 | \$483,218.63 | \$507,238.66 |
| TMPL FOREIGN SM CO A | 16,162.155 | \$18.08 | \$251,498.21 | \$292,211.76 |
| TMPL GLOBAL BOND A | 64,764.848 | \$10.21 | \$615,939.93 | \$661,249.10 |
| TRP EQUITY INCOME | 437,851.653 | \$24.16 | \$10,344,049.70 | \$10,578,495.94 |
| USAA CORNERSTONE | 1,374.439 | \$25.47 | \$33,933.50 | \$35,006.96 |
| USAA GNMA TRUST | 32,298.644 | \$9.95 | \$326,149.72 | \$321,371.51 |
| USAA GROWTH FUND | 4,688.839 | \$12.32 | \$67,956.41 | \$57,766.50 |
| USAA INCOME FUND | 45,300.722 | \$12.42 | \$558,138.25 | \$562,634.97 |
| USAA INCOME STOCK | 7,245.083 | \$15.27 | \$113,751.97 | \$110,632.42 |
| LEVERAGED ESOP EMPLOYER SECURITIES* | 4,165,705.65 | \$65.42 | \$120,805,463.85 | \$272,520,463.62 |
| PARTICIPANT LOAN BALANCES* | | | <u>\$24,804,732.73</u> | <u>\$24,804,732.73</u> |
| (4.0% TO 9.75%; MATURING 2004-2008) | | | | |
| TOTAL ASSESTS HELD FOR INVESTMENT PURPOSES | | | \$1,221,914,542.94 | \$1,541,121,651.62 |

* PARTY-IN-INTEREST

SIGNATURES

The Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefit Plans Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 24, 2004

FPL Group Employee Thrift Plan

(Name of Plan)

By: JAMES K. PETERSON

James K. Peterson
Chairman of the Employee Benefit Plans Administrative
Committee

EXHIBIT INDEX

Exhibit
Number

Description

23

Consent of Independent Registered Public Accounting Firm