

FPL GROUP INC
Form S-3ASR
September 05, 2006

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As filed with the Securities and Exchange Commission on September 5, 2006

Registration Statement Nos. 333-_____, 333-_____-01, 333-_____-02, 333-_____-03,
333-_____-04, 333-_____-05, 333-_____-06, 333-_____-07 and 333-_____-08

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FPL Group, Inc.	Florida	59-2449419
FPL Group Capital Inc	Florida	59-2576416
Florida Power & Light Company	Florida	59-0247775
FPL Group Capital Trust II	Delaware	71-6208700
FPL Group Capital Trust III	Delaware	20-6218691
FPL Group Trust I	Delaware	20-6218700
FPL Group Trust II	Delaware	20-6218704
Florida Power & Light Company Trust I	Delaware	20-6218709
Florida Power & Light Company Trust II	Delaware	20-6218713
(Exact name of each registrant as specified in its charter)	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

(Address, including zip code, and telephone number, including area code, of registrants' principal executive office)

Edward F. Tancer, Esq. Vice President and General Counsel FPL Group, Inc. 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	Thomas R. McGuigan, Esq. Squire, Sanders & Dempsey L.L.P. 1900 Phillips Point West 777 South Flagler Drive West Palm Beach, Florida 33401 (561) 650-7200	Robert J. Reger, Jr., Esq. Thelen Reid & Priest LLP 875 Third Avenue New York, New York 10022 (212) 603-2000
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(Names and addresses, including zip codes, and telephone numbers, including area codes, of agents for service)

It is respectfully requested that the Commission also send copies of all notices, orders and communications to:

Richard L. Harden, Esq.
Hunton & Williams LLP
200 Park Avenue
New York, New York 10166
(212) 309-1000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
<u>FPL Group, Inc.</u>		
FPL Group, Inc. Guarantee of FPL Group Capital Inc		(3)
Senior Debt Securities ⁽²⁾		(3)
FPL Group, Inc. Subordinated Guarantee of FPL Group		(3)
Capital Inc Junior Subordinated Debentures ⁽²⁾		(3)
FPL Group, Inc. Guarantee of FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II Preferred Trust Securities ⁽⁴⁾⁽⁵⁾		
FPL Group, Inc. Senior Debt Securities		
FPL Group, Inc. Junior Subordinated Debentures ⁽⁵⁾⁽⁶⁾		
FPL Group Trust I and FPL Group Trust II Preferred Trust Securities ⁽⁵⁾⁽⁶⁾		
<u>FPL Group Capital Inc</u> ⁽⁷⁾		
FPL Group Capital Inc Senior Debt Securities		
FPL Group Capital Inc Junior Subordinated Debentures ⁽⁵⁾⁽⁶⁾		
FPL Group Capital Trust II and FPL Group Capital Trust III Preferred Trust Securities ⁽⁵⁾⁽⁶⁾		
<u>Florida Power & Light Company</u> ⁽⁷⁾		
Florida Power & Light Company First Mortgage Bonds		
Florida Power & Light Company Guarantee of Florida Power &		(3)

Light Company Trust I and Florida Power & Light
Company

Trust II Preferred Trust Securities ⁽⁴⁾⁽⁵⁾

Florida Power & Light Company Junior
Subordinated Debentures ⁽⁵⁾⁽⁶⁾

Florida Power & Light Company Trust I and Florida
Power &

Light Company Trust II Preferred Trust Securities
⁽⁵⁾⁽⁶⁾

Total

\$0

- (1) An unspecified aggregate initial offering of the securities of each identified class is being registered as may from time to time be offered by FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, FPL Group Trust II, Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II at unspecified prices, along with an indeterminate number of securities that may be issued upon exercise, settlement, exchange or conversion of securities offered hereunder. Separate consideration may or may not be received for securities that are issuable upon exercise, settlement, conversion or exchange of other securities or that are issued in units. Prior to the filing of this registration statement, \$1,337,450,000 aggregate principal amount of securities remained registered and unsold, pursuant to Registration Statement Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03 (“Registration Statement No. 333-102173”) which was initially filed by FPL Group, Inc. and FPL Group Capital Inc on December 23, 2002, and amended on March 18, 2003 to add FPL Group Capital Trust I and FPL Group Capital Trust II as registrants, and \$2,800,000,000 aggregate principal amount of securities remained registered and unsold pursuant to Registration Statement Nos. 333-116209, 333-116209-01, 333-116209-02, 333-116209-03, 333-116209-04 and 333-116209-05 (“Registration Statement No. 333-116209”) which was filed by FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II on June 4, 2004. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the “Securities Act”), the registrants are deferring payment of all of the registration fee, except for \$477,806 that may be offset pursuant to Rule 457(p) for fees paid with respect to \$4,137,450,000 aggregate initial offering price of securities that were previously registered pursuant to Registration Statement No. 333-102173 and Registration Statement No. 333-116209 and not sold thereunder. In connection with the securities offered hereby, except as specified in the previous sentence, the registrants will pay “pay-as-you-go registration fees” in accordance with Rule 456(b). Registration Statement No. 333-102173 and Registration Statement No. 333-116209 are hereby withdrawn.
- (2) The value attributable to the FPL Group, Inc. guarantees, if any, is reflected in the market price of the FPL Group Capital Inc Senior Debt Securities or FPL Group Capital Inc Junior Subordinated Debentures, as the case may be.

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- (3) Pursuant to Rule 457(n) under the Securities Act, no separate fee for the FPL Group, Inc. guarantees or the Florida Power & Light Company guarantees will be payable.
 - (4) The value attributable to the FPL Group, Inc. guarantee, if any, is reflected in the market price of the FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I, and FPL Group Trust II Preferred Trust Securities. The value attributable to the Florida Power & Light Company guarantees, if any, is reflected in the market price of the Florida Power & Light Company Trust I and Florida Power & Light Company Trust II Preferred Trust Securities.
 - (5) This registration statement is deemed to include the rights of the holders of the Preferred Trust Securities of (a) FPL Group Trust I and FPL Group Trust II under the FPL Group, Inc. Junior Subordinated Debentures, the FPL Group, Inc. Subordinated Indenture and the Agreement as to Expenses and Liabilities, each as described in this registration statement, (b) FPL Group Capital Trust II and FPL Group Capital Trust III under the FPL Group, Inc. Subordinated Guarantee of FPL Group Capital Inc Junior Subordinated Debentures, the FPL Group Capital Inc Junior Subordinated Debentures, the FPL Group Capital Inc Subordinated Indenture and the Agreement as to Expenses and Liabilities, each as described in this registration statement, and (c) Florida Power & Light Company Trust I and Florida Power & Light Company Trust II under the Florida Power & Light Company Junior Subordinated Debentures, the Florida Power & Light Company Subordinated Indenture and the Agreement as to Expenses and Liabilities, each as described in this registration statement.
 - (6) FPL Group, Inc. Junior Subordinated Debentures may be purchased by FPL Group Trust I and/or FPL Group Trust II with the proceeds from the sale of their respective Preferred Trust Securities. FPL Group Capital Inc Junior Subordinated Debentures may be purchased by FPL Group Capital Trust II and/or FPL Group Capital Trust III with the proceeds from the sale of their respective Preferred Trust Securities. Florida Power & Light Company Junior Subordinated Debentures may be purchased by Florida Power & Light Company Trust I and/or Florida Power & Light Company Trust II with the proceeds from the sale of their respective Preferred Trust Securities. No separate consideration will be received for the FPL Group, Inc., FPL Group Capital Inc or Florida Power & Light Company Junior Subordinated Debentures purchased by any of such trusts.
 - (7) FPL Group Capital Inc is only registering the offering of non-convertible securities and Florida Power & Light Company is only registering the offering of investment-grade non-convertible securities.
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EXPLANATORY NOTE

This registration statement contains two forms of prospectuses, each of which is to be used in connection with offerings of the securities in either clause (1) or clause (2) below:

- (1) the securities of FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II registered pursuant to this registration statement; and
- (2) the securities of Florida Power & Light Company, Florida Power & Light Company Trust I and Florida Power & Light Company Trust II registered pursuant to this registration statement.

Each offering of securities made under this registration statement will be made pursuant to one of these prospectuses, with the specific terms of the securities offered thereby set forth in an accompanying prospectus supplement.

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PROSPECTUS

FPL GROUP, INC.

Senior Debt Securities and Junior Subordinated Debentures

FPL GROUP CAPITAL INC

Senior Debt Securities and Junior Subordinated Debentures

Guaranteed as described in this prospectus by

FPL GROUP, INC.

**FPL GROUP CAPITAL TRUST II
FPL GROUP CAPITAL TRUST III
FPL GROUP TRUST I
FPL GROUP TRUST II**

Preferred Trust Securities

Guaranteed as described in this prospectus by

FPL GROUP, INC.

Each of FPL Group, Inc., FPL Group Capital Inc, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II may offer any combination of the securities described in this prospectus in one or more offerings from time to time in amounts authorized from time to time.

FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II will provide specific terms of the securities, including the offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

FPL Group's common stock is listed on the New York Stock Exchange and trades under the symbol "FPL."

FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section beginning on page 51 of this prospectus also provides more information on this topic.

See "Risk Factors" beginning on page 2 of this prospectus to read about certain factors you should consider before purchasing any of the securities being offered.

FPL Group's, FPL Group Capital's, FPL Group Capital Trust II's, FPL Group Capital Trust III's, FPL Group Trust I's and FPL Group Trust II'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.

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

September 5, 2006

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that FPL Group, FPL Group Capital, FPL Group Capital Trust II, FPL Group Capital Trust III, FPL Group Trust I and FPL Group Trust II, among other registrants, have filed with the Securities and Exchange Commission (“SEC”) using a “shelf” registration process. FPL Group Capital Trust II and FPL Group Capital Trust III are each referred to in this prospectus as “FPL Group Capital Trust” and FPL Group Trust I and FPL Group Trust II are each referred to in this prospectus as “FPL Group Trust.” In addition, FPL Group Capital Trust and FPL Group Trust are each referred to in this prospectus as the “Trust.”

Under this shelf registration process, FPL Group, FPL Group Capital and/or the Trust may issue and sell any combination of the securities described in this prospectus in one or more offerings from time to time. As of the date of this prospectus, FPL Group, FPL Group Capital and/or the Trust are each authorized to issue securities up to a maximum aggregate offering price of \$1,400,000,000, provided that the aggregate amount of all such securities or combinations of such securities offered by FPL Group, FPL Group Capital and the Trust under the registration statement as of this date may not exceed \$1,400,000,000. The aggregate amount of securities which FPL Group, FPL Group Capital and/or the Trust are authorized to issue pursuant to this registration statement may be increased in the future. FPL Group may offer any of the following securities: senior debt securities, subordinated debt securities, guarantees related to the preferred trust securities which the Trust may offer and guarantees related to the senior debt securities and subordinated debt securities FPL Group Capital may offer. FPL Group Capital may offer any of the following securities: senior debt securities or subordinated debt securities. The Trust may offer preferred trust securities.

This prospectus provides you with a general description of the securities that FPL Group, FPL Group Capital and/or the Trust may offer. Each time FPL Group, FPL Group Capital and/or the Trust sells securities, FPL Group, FPL Group Capital and/or the Trust will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement if necessary. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the headings “Where You Can Find More Information” and “Incorporation by Reference.”

For more detailed information about the securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

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 or in a prospectus supplement in order to evaluate an investment in the securities.

FPL Group and FPL Group Capital are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry. Florida Power & Light Company holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL Group Capital.

FPL Group and FPL Group Capital are subject to complex laws and regulations, and to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, the Public Utility Holding Company Act of 2005, the

Federal Power Act, the Atomic Energy Act of 1954, the Energy Policy Act of 2005 and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Florida Public Service Commission and the legislatures and utility commissions of other states in which FPL Group and FPL Group Capital have operations, and the U.S. Nuclear Regulatory Commission, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and

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construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The Florida Public Service Commission has the authority to disallow recovery by Florida Power & Light Company of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts Florida Power & Light Company's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

FPL Group and FPL Group Capital are subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

FPL Group and FPL Group Capital operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

FPL Group's results of operations could be affected by Florida Power & Light Company's ability to renegotiate franchise agreements with municipalities and counties in Florida.

The operation of power generation facilities, including nuclear facilities, involves significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL Group Capital.

The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including the requirement to purchase power in the market at potentially higher prices to meet their contractual obligations. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL Group Capital's nuclear units face certain risks that are unique to the nuclear industry including the ability to store and/or dispose of spent nuclear fuel, the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL Group Capital's plants, or at the plants of other nuclear operators. Breakdown or failure of an operating facility of FPL Energy, LLC, a subsidiary of FPL Group Capital, may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL Group Capital could be adversely affected.

FPL Group's and FPL Group Capital's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities within established budgets is contingent upon many variables and subject to substantial risks. Should any such efforts

be unsuccessful, FPL Group and FPL Group Capital could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

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The use of derivative contracts by FPL Group and FPL Group Capital in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL Group Capital.

FPL Group and FPL Group Capital use derivative instruments, such as swaps, options and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group and FPL Group Capital could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, Florida Power & Light Company's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the Florida Public Service Commission.

FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group and FPL Group Capital, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group and FPL Group Capital.

There are other risks associated with FPL Group's and FPL Group Capital's competitive energy business. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel (including transportation), transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair FPL Group's future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's and FPL Group Capital's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

FPL Group's and FPL Group Capital's ability to successfully identify, complete and integrate acquisitions, including the proposed merger with Constellation Energy Group, Inc., is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

FPL Group and FPL Group Capital are likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry, in general, as well as the passage of the Energy Policy Act of 2005. In addition, FPL Group and FPL Group Capital may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

FPL Group's ability to successfully complete and integrate the proposed merger between FPL Group and Constellation Energy Group, Inc. ("Constellation Energy") is subject to certain risks and uncertainties including the ability to obtain governmental approvals of the transaction on the proposed terms, conditions and schedule; the failure of FPL Group or Constellation Energy's shareholders to approve the transaction; the risk 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 SEC by both FPL Group and Constellation Energy.

FPL Group's proposed merger with Constellation Energy is subject to receipt of consents or approvals from governmental entities that could delay or prevent the completion of the merger or impose conditions that

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could have a material adverse effect on the combined company or that could cause abandonment of the merger.

Completion of the proposed merger is conditioned upon the receipt of consents, orders, approvals or clearances, as required, from the Federal Energy Regulatory Commission and the public service commissions or similar entities in several of the states in which Constellation Energy and/or FPL Group operate electric and/or gas businesses, including the state of Maryland. Among other things, governmental entities could condition their approval of the merger upon Constellation Energy and/or FPL Group entering into agreements to restrict the operations of the combined businesses in accordance with specified business conduct rules, to divest generation facilities or to take other actions which governmental entities deem necessary or desirable in the public interest. The terms of any such conditions that may be imposed, if any, are not known by FPL Group as of the date hereof. If those approvals are not received, or they are not received on terms that satisfy the conditions set forth in the merger agreement, then neither Constellation Energy nor FPL Group will be required to complete the merger. Recently adopted energy legislation in Maryland requires the appointment of a new group of commissioners at the Maryland Public Service Commission (“MPSC”) and directs the MPSC to complete a prompt and comprehensive review of the merger pursuant to new standards. These changes have created additional uncertainty about the MPSC approval process and may result in substantial delay in the timing of required MPSC approval of the merger or the imposition of terms and conditions that are unfavorable to the combined company, such as a requirement to share expected merger savings with utility customers. In addition, one lawsuit has been filed challenging the constitutionality of certain provisions of the new legislation, and additional lawsuits may be filed in the future. The outcome of such litigation and the additional uncertainty that could result cannot be predicted. A substantial delay in obtaining required approvals or the imposition of unfavorable terms or conditions in connection with such approvals could have a material adverse effect on the business, financial condition or results of operations of FPL Group, FPL Group Capital or the combined company. In addition, delays or unfavorable terms could lead Constellation Energy or FPL Group to become involved in litigation with one or more governmental entities or may cause the abandonment of the merger.

The anticipated benefits of combining FPL Group and Constellation Energy may not be realized.

FPL Group entered into the merger agreement with the expectation that the merger would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. Although FPL Group expects to achieve the anticipated benefits of the merger, including the synergies, achieving them is subject to a number of uncertainties, including:

- the ability of the two companies to combine certain of their operations or take advantage of expected growth opportunities;
- whether the governmental entities whose approval is required to complete the merger impose conditions on the merger or require the combined company to share a portion of such merger benefits, from both the utility and the competitive energy businesses, with utility customers, any of which may have an adverse effect on the combined company; and

· general competitive factors in the marketplace.

No assurance can be given that these benefits will be achieved, or if achieved, the timing of their achievement. Failure to achieve these anticipated benefits could result in increased costs and decreases in the amount of expected revenues of the combined company.

In addition, Constellation Energy’s business involves certain risks which are different from the risks of FPL Group’s current business, and as a result the combined company may be exposed to competitive, regulatory, operational and other challenges that do not affect FPL Group’s businesses to a similar extent.

Short-term fixed income funds	530,856	530,856
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Total assets at fair value

\$9,293,000	\$530,856	\$9,823,856
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FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

5. GUARANTEED INVESTMENT CONTRACT

The Plan is invested in the Federated Capital Preservation Fund (the Fund), a fully benefit-responsive investment contract through Federated Investors, Inc. The Fund invests primarily in stable value products, such as traditional GICs, separate account GICs, and synthetic GICs.

Certain events limit the ability of the Plan to transact at contract value, allow the issuer to terminate the contract, or require the Plan sponsor to settle at an amount different than the contract value. Such events include the following: (1) mergers, (2) mass layoffs, (3) Plan terminations, (4) implementation of early retirement incentive programs, or (5) other events within the control of the Fund or Plan sponsor resulting in a material and adverse financial impact on the issuer's obligations under the GICs. The Plan's management has no knowledge that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

Average Yields for the Years Ended December 31:	2012	2011
Based on actual earnings (underlying investment return)	1.16%	1.74%
Based on interest rate credited to participants	2.33%	3.17%

Distributions to the Funds' unit holders are declared daily from the net investment income and automatically reinvested in the Funds on a monthly basis, when paid.

6. TAX STATUS

The Companies adopted a Prototype Non-standardized Profit Sharing Plan, which received a favorable opinion letter from the Internal Revenue Service (IRS) on March 31, 2008, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter, however the Plan sponsor believes the Plan as currently designed, is being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan's management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan's management believes it is no longer subject to income tax examinations for years prior to the year ended December 31, 2009.

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FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

7. PLAN TERMINATION

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue 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% vested in their accounts.

8. PARTY-IN-INTEREST

Certain Plan investments are shares of registered investment companies and a common collective trust managed by Federated Investors, Inc (Federated). Federated is the Record Keeper of the Plan and is related to EMJAY Corporation, the custodian. Since these parties are related, these transactions are considered party-in-interest transactions.

During 2012, the Plan did not have any transactions related to the shares of Farmers National Banc Corp. Common Stock.

9. CORRECTIVE DISTRIBUTIONS PAYABLE

In order to pass the 2012 Actual Deferral Percentage (ADP) Test, the Plan's management elected to refund excess elective deferrals and earnings thereon to certain highly-compensated employees. The calculated amount was \$15,191 and was distributed on March 14, 2013. There were no such amounts required to pass the 2011 ADP Test. This amount has been included as a corrective distributions payable in the accompanying Statements of Net Assets Available for Benefits at December 31, 2012.

10. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

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FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

11. RECONCILIATION TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2012 and 2011 to the Form 5500:

	2012	2011
Net assets available for benefits per the financial statements	\$ 11,551,540	\$ 9,858,063
Plus: Adjustment from contract value to fair value for interest in a common collective trust relating to fully benefit-responsive investment contracts	11,370	11,427
Net assets available for benefits per the Form 5500	\$ 11,562,910	\$ 9,869,490

The following is a reconciliation of investment income (loss) per the financial statements for the years ended December 31, 2012 and 2011 to the Form 5500:

	2012	2011
Investment income (loss) per the financial statements	\$ 1,256,847	\$ (190,555)
Plus: Current year adjustment from contract value to fair value for interest in a common collective trust relating to fully benefit-responsive contracts	11,370	11,427
Less: Prior year adjustment from contract value to fair value for interest in a common collective trust relating to fully benefit-responsive contracts	(11,427)	
Investment income (loss) per the Form 5500	\$ 1,256,790	\$ (179,128)

12. SUBSEQUENT EVENT

The Plan's management intends to allow participants to invest in Farmers National Banc Corp. Common Stock in the future. As of the date of this report, Farmers National Banc Corp. Common Stock was not an investment option in the Plan.

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SUPPLEMENTAL SCHEDULES

FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

EIN: 34-0214400

PLAN NO: 002

SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS

(HELD AT END OF YEAR)

DECEMBER 31, 2012

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	Current value
	<i>Non-interest-bearing cash</i>		\$ 8,217
	<i>Registered investment companies</i>		
	American Funds AMCAP Fund	58,491 shares	1,275,706
*	Federated Government Obligations Fund	979,437 shares	979,437
*	Federated Total Return Bond Fund	139,476 shares	1,594,216
*	Federated U.S. Government Securities Fund	5,420 shares	62,286
*	Federated Ultrashort Bond Fund	15,130 shares	139,501
	Goldman Sachs Mid Cap Value Fund	13,038 shares	512,278
	Hartford Value Opportunities Fund	30,927 shares	454,325
	Oppenheimer Developing Markets Fund	4,863 shares	171,632
	Oppenheimer International Growth Fund	39,827 shares	1,229,869
	Oppenheimer Main Street Fund	1,500 shares	55,415
	RS Global Natural Resources Fund	1,487 shares	54,453
	T. Rowe Price Retirement 2015 Fund	1,399 shares	18,029
	T. Rowe Price Retirement 2020 Fund	3,891 shares	69,581
	T. Rowe Price Retirement 2025 Fund	8,245 shares	108,184
	T. Rowe Price Retirement 2030 Fund	18,122 shares	342,874
	T. Rowe Price Retirement 2035 Fund	4,475 shares	59,888
	T. Rowe Price Retirement 2040 Fund	2,202 shares	42,044
	T. Rowe Price Retirement 2045 Fund	4,146 shares	52,702
	Turner Mid Cap Growth Investor Fund	9,138 shares	307,611
	Vanguard 500 Index Fund	15,277 shares	2,006,997
	Vanguard Small Cap Index Fund	35,875 shares	1,389,825
	<i>Common collective trust</i>		
*	Federated Capital Preservation Fund	63,166 shares	643,031
			\$ 11,578,101

* Parties-in-interest
See the Independent Auditors Report.

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FARMERS NATIONAL BANK 401(k) RETIREMENT SAVINGS PLAN

EIN: 34-0214400

PLAN NO: 002

SCHEDULE H, PART IV, LINE 4j SCHEDULE OF

REPORTABLE TRANSACTIONS

YEAR ENDED DECEMBER 31, 2012

(a) Identity of Party Involved	(b) Description of Assets	(c) Purchase Price
Category (iii) Series of transactions involving an aggregate amount in excess of 5% of the beginning value of the Plan assets:		
EMJAY Corporation	American Funds AMCAP Fund 317 purchases	\$1,101,193
EMJAY Corporation	American Funds Growth Fund of America 317 sales	

Note: There were no category (i, ii, or iv) transactions.

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(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain
\$	N/A	N/A	\$ 1,101,193	\$ 1,101,193	\$
1,101,193	N/A	N/A	1,007,665	1,101,193	93,528

See the Independent Auditors Report.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Act of 1933, the trustees (or other persons who administer the employee benefit plan) have duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Canfield, State of Ohio, on May 13, 2013.

**Farmers National Bank
401(k) Retirement Savings Plan**

By: Farmers National Bank, the Plan Administrator

By: /s/ Mark A. Nicastro
Mark A. Nicastro
Vice President & Director of Human Resources

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EXHIBIT INDEX

Exhibit

Number

Description

23	Consent of Skoda Minotti, independent registered public accounting firm for the Farmers National Bank 401(k) Retirement Savings Plan (filed herewith).
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