



DECEMBER 2004

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TECO ENERGY, Inc.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

(thousands)	Three Months Ended December 31, 2004	2003	Twelve Months Ended December 31, 2004	2003
Revenues	\$660,167	\$598,867	\$2,669,086	\$2,598,305
Expenses				
Operation	465,247	403,857	1,798,731	1,631,693
Maintenance	41,775	41,961	140,686	145,376
Asset Impairment	706,708	28,737	713,455	132,862
Goodwill Impairment	4,757	6,674	4,757	32,876
Restructuring Charges	1,172	13,604	1,217	24,636
Depreciation	70,932	79,238	282,292	319,083
Taxes, other than income	43,345	42,733	185,068	172,480
Total expenses	1,333,936	616,804	3,126,206	2,459,006
Income from operations	(\$673,769)	(\$17,937)	(\$457,120)	\$139,299
Other income (expense)				
Allowance for other funds used during construction	-	4,112	718	19,777
Other income (expense), net	29,445	70,974	143,969	112,709
Loss on Debt Extinguishment	(100)	-	(4,392)	-
Impairment on TIE Investment	-	-	(152,286)	-
Contingent Arbitration Reserve	-	-	5,633	(32,000)
Earnings from equity investments	9,457	(7,043)	36,069	(411)
Total other income (expense)	38,802	68,043	29,711	100,075
Interest charges				
Interest expense	77,858	80,926	321,915	285,639
Distribution on Preferred Securities	-	9,987	-	39,950
Allowance for borrowed funds used during construction	-	(1,588)	(277)	(7,638)
Total interest charges	77,858	89,325	321,638	317,951
Income before provision for income taxes	(712,825)	(39,219)	(749,047)	(78,577)
(Benefit)Provision for income taxes	(284,990)	(48,743)	(265,145)	(91,503)
Net income from continuing operations before minority interest	(427,835)	9,524	(483,902)	12,926
Minority Interest	18,531	14,110	79,463	48,801
Net income from continuing operations	(409,304)	23,634	(404,439)	61,727
Discontinued Operations				
Income from discontinued operations	(118,252)	(1,270,079)	(225,121)	(1,514,710)
Income tax expense (benefit)-discontinued operations	(39,969)	(455,777)	(77,568)	(547,921)
Net income from discontinued operations	(78,283)	(814,302)	(147,553)	(966,789)
Cumulative effect of a change in accounting principle, net of tax	-	-	-	(4,344)
Net Income	(\$487,587)	(\$790,668)	(\$551,992)	(\$909,406)
Average common shares outstanding during the period (thousands)	199,695	187,829	192,636	179,862
Earnings per average common share outstanding:				
Earnings per share from continuing operations -- basic	(\$2.05)	\$0.13	(\$2.10)	\$0.34
Earnings per share -- basic	(\$2.44)	(\$4.21)	(\$2.87)	(\$5.05)
Earnings per share from continuing operations -- diluted	(\$2.05)	\$0.12	(\$2.10)	\$0.34
Earnings per share -- diluted	(\$2.44)	(\$4.20)	(\$2.87)	(\$5.04)

TECO ENERGY, Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

	Dec. 31, 2004	Dec. 31, 2003
(thousands)		
ASSETS		
Current assets		
Cash and cash equivalents	\$96,739	\$108,228
Restricted cash	57,119	51,373
Short-term investments	6	6
Receivables, less allowance for uncollectibles	286,760	280,365
Inventories, at average cost		
Fuel	46,207	88,215
Materials and supplies	74,586	82,522
Current derivative asset	3,761	21,061
Prepayments and other current assets	43,613	68,653
Assets held for sale, current	128,801	169,358
Total current assets	737,592	869,781
Property, plant and equipment		
Utility plant in service-electric	4,857,881	5,245,634
Utility plant in service-gas	810,781	778,159
Construction work in progress	207,123	1,151,016
Other property	847,548	865,385
	6,723,333	8,040,194
Accumulated depreciation	(2,065,450)	(2,361,161)
Total property, plant and equipment, net	4,657,883	5,679,033
Other assets		
Other investments	7,959	16,509
Investment in unconsolidated affiliates	262,959	343,476
Intangible asset	-	4,930
Goodwill	59,360	71,188
Long term derivative asset	-	-
Regulatory asset	200,963	188,305
Deferred income taxes	1,379,207	1,051,509
Deferred charges and other assets	11,454	160,179
Assets held for sale	2,059,116	2,077,438
Total other assets	3,981,018	3,913,534
Total assets	\$9,376,493	\$10,462,348
LIABILITIES AND CAPITAL		
Current liabilities		
Long-term debt due within one year		
Recourse	\$5,500	\$6,050
Non-recourse	8,083	25,496
Notes payable	115,000	37,500
Accounts payable	257,735	313,732
Current derivative liability	11,474	12,045
Customer deposits	105,841	101,405
Interest accrued	50,598	56,634
Taxes accrued	36,349	149,935
Liabilities associated with held for sale, current	1,631,820	1,544,368
Total current liabilities	\$2,222,400	\$2,247,165
Other liabilities		
Deferred income taxes	504,069	498,028
Investment tax credits	19,955	22,819
Regulatory liability	538,948	560,227
Long term derivative liability	542	-
Other deferred credits and other liabilities	351,529	364,060
Liabilities associated with assets held for sale	672,220	697,846
Long-term debt, less amount due within one year		
Recourse	3,588,930	3,660,284
Non-recourse	13,396	83,237
Preferred company securities	277,675	649,125
Minority interest	2,946	1,852
Capital		
Common equity (outstanding 199,747,809 shares in 2004 and 187,792,475 shares in 2003)	1,287,652	1,692,347
Unearned compensation	(3,769)	(14,642)
Total liabilities and capital	\$9,476,493	\$10,462,348
Book value per share	\$6.45	\$9.01

TECO ENERGY, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

(thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Cash flows from operating activities				
Net income	\$ (487,587)	\$ (790,668)	\$ (551,992)	\$ (909,406)
Adjustments to reconcile net income to net cash:				
Depreciation	72,227	101,436	289,622	382,021
Deferred income taxes	(262,904)	(574,517)	(355,540)	(709,356)
Investment tax credit, net	(697)	(1,169)	(2,864)	(4,677)
Allowance for funds used during construction	-	(5,700)	(995)	(27,415)
Amortization of unearned compensation	3,390	5,683	13,610	18,278
Cumulative effect of a change in accounting principle, pretax	-	-	-	7,064
Gain on asset sales, pretax	16,024	(65,261)	(92,860)	(147,534)
Equity in earnings of unconsolidated affiliates	(9,298)	8,060	(34,319)	13,771
Minority loss	(18,480)	(14,110)	(79,463)	(48,801)
Asset impairment, pretax	715,239	1,226,616	876,703	1,330,741
Goodwill impairment and intangible asset impairment, pretax	16,585	27,506	16,585	122,662
Contingent arbitration reserve, pretax	-	-	(5,633)	32,000
Loss on TPGC transaction, pretax	-	-	-	153,933
Deferred recovery clause	(10,438)	(2,771)	20,179	(27,266)
Receivables, less allowance for uncollectibles	39,273	78,906	32,088	96,422
Inventories	19,895	(12,498)	41,854	7,003
Prepayments and other current assets	215	20,231	(802)	(16,534)
Taxes accrued	(110,837)	73,441	(81,991)	34,498
Interest accrued	(15,911)	(25,626)	76,712	(60,705)
Accounts payable	3,121	(16,966)	(69,188)	(17,453)
Other	7,057	8,901	47,906	82,088
	(23,126)	41,494	139,612	311,334
Cash flows from investing activities				
Capital expenditures	(100,851)	(130,118)	(273,155)	(590,608)
Allowance for funds used during construction	-	5,700	995	27,415
Net proceeds from sale of assets	162,459	20,757	349,515	188,779
Net proceeds from sale of business	-	107,718	-	107,718
Net cash reduction from deconsolidation	-	-	(22,755)	-
Restricted cash	6,012	17,302	(34,293)	(46,153)
Investment in unconsolidated affiliates	1,448	(1,444)	45,375	(30,627)
Other non-current investments	7,767	4,284	24,720	(32,414)
	76,835	24,199	90,402	(375,890)
Cash flows from financing activities				
Dividends	(37,926)	(35,686)	(145,252)	(165,225)
Common stock	2,192	800	10,217	136,632
Proceeds from long-term debt	-	5,618	-	655,060
Minority interest	15,754	12,153	76,066	44,371
Restricted cash	-	26,368	-	(5,850)
Repayment of long-term debt	(127,287)	(10,790)	(224,973)	(526,482)
Early exchange of equity units	(48)	-	(17,682)	-
Settlement of joint venture termination obligation	-	-	-	(33,534)
Net increase (decrease) in short-term debt	90,000	(360,000)	77,500	(323,000)
Equity contract adjustment payments	(2,131)	(5,082)	(17,379)	(20,330)
	(59,446)	(366,619)	(241,503)	(238,358)
Net increase (decrease) in cash and cash equivalents	(5,737)	(300,926)	(11,489)	(302,914)
Cash and cash equivalents at beginning of period	102,476	409,154	108,228	411,142
Cash and cash equivalents at end of period	\$ 96,739	\$ 108,228	\$ 96,739	\$ 108,228

TECO ENERGY, INC.
SEGMENT INFORMATION (Unaudited) ⁽¹⁾

(millions)

		Tampa Electric	Peoples Gas	TWG Merchant	TECO Transport	TECO Coal	Other (1) Unregulated	Eliminations & Other	TECO (1) Energy
Three Months ended December 31,									
2004	Revenues - outsiders	\$ 412.1	\$ 101.4	\$ 6.9	\$ 51.2	\$ 82.1	\$ 6.4	\$ 0.1	\$ 660.2
	Sales to affiliates	0.9	-	-	17.9	-	2.0	(20.8)	-
	Total revenues	413.0	101.4	6.9	69.1	82.1	8.4	(20.7)	660.2
	Depreciation	45.4	8.7	2.2	5.4	8.8	0.4	-	70.9
	Restructuring costs	-	0.7	0.5	-	-	-	-	1.2
	Total Interest charges (including Alloc Interest) ⁽²⁾	24.0	3.8	9.9	1.1	3.4	4.0	31.7	77.9
	Allocated interest expense ⁽²⁾	-	-	10.0	(0.3)	3.3	3.7	(17.0)	(0.3)
	(Benefit) provision for income taxes	11.8	3.6	(260.9)	3.0	(2.5) ⁽⁵⁾	(8.0) ⁽⁶⁾	(32.0)	(285.0)
	Net (loss) income from continuing operations	\$ 26.8	\$ 6.0	\$ (449.6)	\$ 6.6	\$ 15.7 ⁽⁵⁾	\$ (5.7) ⁽⁶⁾	\$ (9.1)	\$ (409.3)
2003	Revenues - outsiders	\$ 379.3	\$ 83.5	\$ 2.4	\$ 45.8	\$ 70.4	\$ 17.4	\$ 0.1	\$ 598.9
	Sales to affiliates	0.8	-	-	19.3	-	2.1	(22.2)	-
	Total revenues	380.1	83.5	2.4	65.1	70.4	19.5	(22.1)	598.9
	Depreciation	52.2	8.0	1.7	5.3	9.3	2.7	-	79.2
	Restructuring costs	7.7	2.4	0.1	1.7	-	1.1	0.6	13.6
	Total Interest charges (including Alloc Interest) ⁽²⁾	18.8	3.8	20.1	1.3	3.0	0.8	41.5 ⁽⁷⁾	89.3
	Allocated interest expense ⁽²⁾	-	-	13.6	(0.3)	3.1	4.1	(21.5) ⁽⁷⁾	(1.0)
	(Benefit) provision for income taxes	9.7	2.9	(14.3)	1.4	(10.9) ⁽⁵⁾	5.2 ⁽⁶⁾	(42.7) ⁽⁷⁾	(48.7)
	Net (loss) income from continuing operations	\$ 15.1	\$ 4.9	\$ (23.7)	\$ 2.9	\$ 12.2 ⁽⁵⁾	\$ 11.9 ⁽⁶⁾	\$ 0.3 ⁽⁷⁾	\$ 23.6

(millions)

		Tampa Electric	Peoples Gas	TWG Merchant	TECO Transport	TECO Coal	Other (1) Unregulated	Eliminations & Other	TECO (1) Energy
Twelve Months Ended December 31,									
2004	Revenues - outsiders	\$ 1,683.8	\$ 417.2	\$ 37.3	\$ 173.4	\$ 327.6	\$ 29.0	\$ 0.8	\$ 2,669.1
	Sales to affiliates	3.6	-	-	76.2	-	7.6	(87.4)	-
	Total revenues	1,687.4	417.2	37.3	249.6	327.6	36.6	(86.6)	2,669.1
	Depreciation	180.9	34.1	7.4	21.9	36.3	1.6	0.1	282.3
	Restructuring costs	-	0.7	0.5	-	-	-	-	1.2
	Total Interest charges (including Alloc Interest) (2)	95.8	15.2	49.4	4.7	11.2	15.8	129.5	321.6
	Allocated interest expense ⁽²⁾	-	-	50.7	(1.0)	11.1	15.3	(77.8)	(1.7)
	(Benefit) provision for income taxes	83.9	17.3	(334.0) ⁽⁴⁾	4.6	22.8 ⁽⁵⁾	16.2 ⁽⁶⁾	(75.9)	(265.1)
	Net (loss) income from continuing operations	\$ 146.0	\$ 27.7	\$ (583.0) ⁽⁴⁾	\$ 10.2	\$ 61.3 ⁽⁵⁾	\$ 12.1 ⁽⁶⁾	\$ (78.7)	\$ (404.4)
2003	Revenues - outsiders	\$ 1,582.7	\$ 408.4	\$ 32.8	\$ 162.2	\$ 296.3	\$ 115.5	\$ 0.4	\$ 2,598.3
	Sales to affiliates	3.4	-	-	98.4	-	58.0	(159.8)	-
	Total revenues	1,586.1	408.4	32.8	260.6	296.3	173.5	(159.4)	2,598.3
	Depreciation	210.3	32.7	5.9	20.6	34.2	15.3	0.1	319.1
	Restructuring costs	9.9	4.1	0.4	1.7	-	5.9	2.6	24.6
	Total Interest charges (including Alloc Interest) (2)	85.0	15.6	57.2	4.9	11.0	25.4	118.9	318.0
	Allocated interest expense ⁽²⁾	-	-	67.8	(2.0)	11.0	15.3	(95.8)	(3.7)
	(Benefit) provision for income taxes	48.1 ⁽³⁾	15.2	(60.1) ⁽⁴⁾	9.7	(64.4) ⁽⁵⁾	6.6 ⁽⁶⁾	(46.6)	(91.5)
	Net (loss) income from continuing operations	\$ 98.9 ⁽³⁾	\$ 24.5	\$ (99.8) ⁽⁴⁾	\$ 15.3	\$ 77.1 ⁽⁵⁾	\$ 23.2 ⁽⁶⁾	\$ (77.5)	\$ 61.7

- (1) All periods have been adjusted to reflect the reclassification of results from continuing operations to discontinued operations for the Frontera operations (previously part of TWG Merchant), and BCH Mechanical and other Energy Services operations (previously part of Other Unregulated).
- (2) Segment net income is reported on a basis that includes internally allocated financing costs. Allocated interest is included Total interest charges.
- (3) Tampa Electric results for the 12-month period ended Dec. 31, 2003 include a \$48.9 million after-tax (\$79.6 million pre-tax) asset impairment charge related turbine purchase cancellations.
- (4) TWG Merchant results for the 3-months and 12-months ended Dec. 31, 2004 include after-tax charges of \$433.0 million for valuation adjustments for the Commonwealth Chesapeake, Dell and McAdams power stations. Results for the 12-months ended Dec. 31, 2004 also include a \$99.0 million after-tax charge to write-off its investment in the Texas Independent Energy (TIE) project and a \$4.3 million after-tax benefit from the reversal of costs previously accrued for the TMDP arbitration that was settled in the third quarter of 2004. Results for the 3-months and 12-months ended Dec. 31, 2003 include a \$26.7 million after-tax charge associated with TMDP arbitration expenses. The 12-months ended Dec. 31, 2003 also includes a \$16.3 million after-tax charge for a goodwill write-off associated with the Commonwealth Chesapeake power station.
- (5) TECO Coal's results for the 3-months and 12-months ended Dec. 31, 2004 include a \$7.0 million positive adjustment related to Section 29 tax credits that had been written-off in 2003's fourth quarter due to projected limitations on taxable income prior to filing the TECO Energy 2003 tax return. Results for the 3-months and 12-months ended Dec. 31, 2003 include the \$7.0 million tax credit write-off.
- (6) Other unregulated results for the 3-months ended Dec. 31, 2004 include an \$12.8 million after-tax impairment charge for steam turbines and a \$1.9 million favorable adjustment for offshore cash repatriation taxes. Results for the 12-months ended Dec. 31, 2004 include the impairment charge associated with the steam turbines, a \$6.7 million after-tax charge related to the refinancing of the debt associated with the San Jose power station in Guatemala, \$17.4 million for income taxes due to the repatriation of cash from Guatemala following the refinancing, and a \$12.0 million after-tax gain on the sale of the propane business interests. Results for the 3-months and 12-months ended Dec. 31, 2003 include after-tax charges of \$13.2 million for steam turbine impairments, \$9.0 million for asset impairments on cancelled TWG projects, and \$3.2 million of other charges, and a \$34.4 million after-tax gain on the sale and operations of Hardee Power Partners. The 12-months ended also include an after-tax charge of \$15.3 million for certain turbine purchase cancellations and \$8.5 million of operating profits for the first 9-months of the year for Hardee Power Partners.
- (7) Interest charges for 2003 that were previously internally allocated to Union and Gila river power stations are now reflected as TECO Energy parent company interest expense. These interest expense allocations were \$7.7 million after-tax (\$12.4 million pre-tax) and \$25.5 million after-tax (\$40.9 million pre-tax) for the 3-months and 12-months ended Dec. 31, 2003, respectively.

TAMPA ELECTRIC COMPANY
ELECTRIC OPERATING STATISTICS (Unaudited)

Three Months Ended December 31,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2004	2003	Percent Change	2004	2003	Percent Change
Residential	\$ 192,907	\$ 180,085	7.1	1,941,600	1,905,129	1.9
Commercial	127,166	115,823	9.8	1,507,465	1,457,839	3.4
Industrial -- Phosphate	17,982	16,239	10.7	320,158	318,519	0.5
Industrial -- Other	23,896	22,256	7.4	326,174	327,657	(0.5)
Other sales of electricity	35,564	32,983	7.8	408,976	403,745	1.3
Deferred and other revenues	(5,237)	(3,462)	51.3	--	--	--
	\$ 392,278	\$ 363,924	7.8	4,504,373	4,412,889	2.1
Sales for resale	10,590	8,823	20.0	173,540	136,366	27.3
Other operating revenue	10,079	7,343	37.3	--	--	--
	\$ 412,947	\$ 380,090	8.6	4,677,913	4,549,255	2.8
Average customers	623,303	610,430	2.1	--	--	--
Retail Output to Line				4,600,365	4,496,823	2.3
Twelve Months Ended December 31,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2004	2003	Percent Change	2004	2003	Percent Change
Residential	\$ 820,221	\$ 767,405	6.9	8,292,828	8,264,748	0.3
Commercial	505,461	460,060	9.9	5,988,052	5,860,214	2.2
Industrial -- Phosphate	68,642	65,358	5.0	1,228,749	1,276,556	(3.7)
Industrial -- Other	97,336	88,526	10.0	1,326,918	1,302,778	1.9
Other sales of electricity	139,194	124,865	11.5	1,600,122	1,538,020	4.0
Deferred and other revenues	(22,308)	(5,208)	--	--	--	--
	\$ 1,608,546	\$ 1,501,006	7.2	18,436,669	18,242,316	1.1
Sales for resale	41,067	41,590	(1.3)	664,624	691,085	(3.8)
Other operating revenue	37,777	43,525	(13.2)	--	--	--
	\$ 1,687,390	\$ 1,586,121	6.4	19,101,293	18,933,401	0.9
Average customers	619,535	604,900	2.4	--	--	--
Retail Output to Line				19,381,760	19,209,915	0.9

* in thousands

PEOPLES GAS SYSTEM

GAS OPERATING STATISTICS (Unaudited)

Three Months Ended December 31,	Operating Revenues*			Therms*		
	2004	2003	Percent Change	2004	2003	Percent Change
By Customer Segment:						
Residential	\$ 27,350	\$ 25,495	7.3	14,641	14,833	(1.3)
Commercial	36,276	34,390	5.5	91,250	90,637	0.7
Industrial	2,421	2,618	(7.5)	53,358	56,760	(6.0)
Off System Sales	24,670	10,896	--	41,557	27,848	49.2
Power generation	3,034	2,493	21.7	71,079	77,867	(8.7)
Other revenues	7,626	7,634	(0.1)	--	--	--
	\$ 101,377	\$ 83,526	21.4	271,885	267,945	1.5
By Sales Type:						
System supply	\$ 73,050	\$ 56,242	29.9	75,430	63,668	18.5
Transportation	20,701	19,650	5.3	196,455	204,277	(3.8)
Other revenues	7,626	7,634	(0.1)	--	--	--
	\$ 101,377	\$ 83,526	21.4	271,885	267,945	1.5
Average customers	311,114	295,651	5.2	--	--	--

Twelve Months Ended December 31,	Operating Revenues*			Therms*		
	2004	2003	Percent Change	2004	2003	Percent Change
By Customer Segment:						
Residential	\$ 115,003	\$ 105,668	8.8	65,820	64,218	2.5
Commercial	151,784	143,687	5.6	368,121	354,821	3.7
Industrial	10,158	10,393	(2.3)	221,251	220,158	0.5
Off System Sales	96,343	104,506	(7.8)	178,200	186,094	(4.2)
Power generation	11,126	10,116	10.0	291,643	363,693	(19.8)
Other revenues	32,758	34,046	(3.8)	--	--	--
	\$ 417,172	\$ 408,416	2.1	1,125,035	1,188,984	(5.4)
By Sales Type:						
System supply	\$ 303,136	\$ 298,231	1.6	326,401	337,274	(3.2)
Transportation	81,278	76,139	6.7	798,634	851,710	(6.2)
Other revenues	32,758	34,046	(3.8)	--	--	--
	\$ 417,172	\$ 408,416	2.1	1,125,035	1,188,984	(5.4)
Average customers	307,371	291,919	5.3	--	--	--

* in thousands