



MARCH 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 March 31,		Twelve Months Ended March 31,	
	2004	2003	2004	2003
Revenues	\$642,290	\$651,831	\$2,730,417	\$2,716,966
Expenses				
Operation	431,195	403,104	1,803,571	1,696,352
Maintenance	31,439	34,642	149,177	156,779
Asset Impairment	6,747	104,528	47,281	104,528
Goodwill Impairment	-	-	122,663	-
Restructuring Charges	38	-	24,594	-
Depreciation	72,070	74,999	323,233	303,945
Taxes, other than income	48,339	43,390	179,899	172,768
Total expenses	589,828	660,663	2,650,418	2,434,372
Income from operations	\$52,462	(\$8,832)	\$79,999	\$282,594
Other income (expense)				
Allowance for other funds used during construction	718	7,586	12,909	28,175
Other income (expense), net	42,659	3,332	153,605	12,398
Loss on Debt Extinguishment	-	-	-	(34,125)
Contingent Arbitration Reserve	-	-	(32,000)	-
Earnings from equity investments	6,930	2,647	3,873	6,955
Total other income (expense)	50,307	13,565	138,387	13,403
Interest charges				
Interest expense	88,906	57,351	348,409	156,719
Distribution on Preferred Securities	-	9,988	-	39,856
Allowance for borrowed funds used during construction	(277)	(2,930)	(4,985)	(10,881)
Total interest charges	88,629	64,409	343,424	185,694
Income before provision for income taxes	14,140	(59,676)	(125,038)	110,303
(Benefit)Provision for income taxes	8,671	(39,344)	(87,341)	(80,461)
Net income from continuing operations before minority interest	5,469	(20,332)	(37,697)	190,764
Minority Interest	23,209	-	72,010	-
Net income from continuing operations	28,678	(20,332)	34,313	190,764
Discontinued Operations				
Income from discontinued operations	(40,274)	39,609	(1,474,522)	91,577
Income tax expense (benefit)-discontinued operations	(14,137)	15,484	(533,894)	23,814
Net income from discontinued operations	(26,137)	24,125	(940,628)	67,763
Cumulative effect of a change in accounting principle, net of tax	-	(1,111)	(3,233)	(1,111)
Net Income	\$2,541	\$2,682	(\$909,548)	\$257,416
Average common shares outstanding during the period (thousands)	187,990	175,923	182,662	161,571
Earnings per average common share outstanding:				
Earnings per share from continuing operations -- basic	\$0.15	(\$0.12)	\$0.19	\$1.18
Earnings per share -- basic	\$0.01	\$0.02	(\$4.98)	\$1.59
Earnings per share from continuing operations -- diluted	\$0.15	(\$0.12)	\$0.19	\$1.18
Earnings per share -- diluted	\$0.01	\$0.02	(\$4.97)	\$1.59

TECO ENERGY, Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

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

(thousands)	March 31, 2004	Dec. 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$107,574	\$108,228
Restricted cash	36,845	51,373
Short-term investments	6	6
Receivables, less allowance for uncollectibles	271,868	280,365
Inventories, at average cost		
Fuel	78,107	88,215
Materials and supplies	78,950	82,522
Current derivative asset	19,443	21,061
Prepayments and other current assets	82,572	68,653
Assets held for sale, current	107,019	169,358
Total current assets	782,384	869,781
Property, plant and equipment		
Utility plant in service-electric	5,066,661	5,245,634
Utility plant in service-gas	784,668	778,159
Construction work in progress	841,817	1,193,252
Other property	856,919	844,267
	7,550,065	8,061,312
Accumulated depreciation	(1,996,105)	(2,361,161)
Valuation adjustment	(21,584)	(21,118)
Total property, plant and equipment, net	5,532,376	5,679,033
Other assets		
Other investments	12,009	16,509
Investment in unconsolidated affiliates	450,136	343,476
Intangible asset	4,887	4,930
Goodwill	71,188	71,188
Regulatory asset	157,153	188,305
Deferred income taxes	1,015,655	1,051,509
Deferred charges and other assets	134,366	160,179
Assets held for sale	2,065,418	2,077,438
Total other assets	3,910,812	3,913,534
Total assets	\$ 10,225,572	\$ 10,462,348
LIABILITIES AND CAPITAL		
Current liabilities		
Long-term debt due within one year		
Recourse	\$5,300	\$6,050
Non-recourse	10,842	25,496
Notes payable	50,000	37,500
Accounts payable	290,790	313,732
Current derivative liability	9,889	12,045
Customer deposits	103,444	101,405
Interest accrued	96,959	56,634
Taxes accrued	93,972	149,935
Liabilities associated with held for sale, current	1,554,817	1,544,368
Total current liabilities	2,216,013	\$2,247,165
Other liabilities		
Deferred income taxes	476,663	498,028
Investment tax credits	22,084	22,819
Regulatory liability	564,080	560,227
Other deferred credits and other liabilities	360,476	364,060
Liabilities associated with assets held for sale	663,382	697,846
Long-term debt, less amount due within one year		
Recourse	3,589,841	3,660,284
Non-recourse	14,926	83,237
Preferred company securities	669,300	649,125
Minority interest	3,639	1,852
Capital		
Common equity (outstanding 188,067,058 shares in 2004 and 187,792,475 shares in 2003)	1,656,387	1,692,347
Unearned compensation	(11,219)	(14,642)
Total liabilities and capital	\$10,225,572	\$10,462,348
Book value per share	\$8.81	\$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 March 31,		Twelve Months Ended March 31,	
	2004	2003	2004	2003
Cash flows from operating activities				
Net income	\$ 2,541	\$ 2,682	\$ (909,548)	\$ 257,416
Adjustments to reconcile net income to net cash:				
Depreciation	72,070	79,805	374,061	305,268
Deferred income taxes	12,697	15,160	(711,819)	(62,391)
Investment tax credit, net	(735)	(1,127)	(4,285)	(4,814)
Allowance for funds used during construction	(995)	(10,516)	(17,894)	(39,056)
Amortization of unearned compensation	3,654	4,413	17,519	13,859
Cumulative effect of a change in accounting principle, pretax	-	1,800	5,264	1,800
Gain on asset sales, pretax	(36,752)	(38,680)	(145,606)	(53,786)
Equity in earnings of unconsolidated affiliates	(4,323)	6,697	2,751	20,553
Minority loss	(23,209)	-	(72,010)	-
Asset impairment, pretax	6,747	104,528	1,232,960	118,672
Goodwill impairment and intangible asset impairment, pretax	-	-	122,663	-
Contingent arbitration reserve, pretax	-	-	32,000	-
Loss on TPGC transaction, pretax	-	-	153,933	-
Deferred recovery clause	30,945	(2,993)	6,672	40,906
Refunded to customers	-	-	-	(6,382)
Restricted cash	-	-	-	-
Receivables, less allowance for uncollectibles	39,757	(56,906)	193,085	(100,784)
Inventories	12,268	6,279	12,992	(7,484)
Prepayments and other current assets	5,257	(4,581)	(6,696)	(5,500)
Taxes accrued	(68,699)	(105,734)	71,533	(94,589)
Interest accrued	65,733	31,686	(26,658)	16,152
Accounts payable	(80,540)	29,985	(127,978)	102,922
Other	16,231	9,491	89,053	21,385
	52,647	71,989	291,992	524,147
Cash flows from investing activities				
Capital expenditures	(59,522)	(102,179)	(547,951)	(850,609)
Allowance for funds used during construction	995	10,516	17,894	39,056
Purchase of minority interest	-	-	-	(9,928)
Net proceeds from sale of assets	109,653	124,905	173,527	228,181
Net proceeds from sale of business	-	-	107,718	-
Net cash reduction from deconsolidation	(22,755)	-	(22,755)	-
Restricted cash	(4,923)	3	(51,079)	10
Investment in unconsolidated affiliates	(3,039)	(1,014)	(32,652)	(8,209)
Other non-current investments	8,420	(44,113)	20,119	(551,371)
	28,829	(11,882)	(335,179)	(1,152,870)
Cash flows from financing activities				
Dividends	(35,707)	(62,436)	(138,496)	(230,046)
Common stock	4,773	2,585	138,820	570,711
Proceeds from long-term debt	-	4,917	650,143	1,763,313
Minority interest	21,798	-	66,169	-
Restricted cash	-	-	(5,850)	-
Repayment of long-term debt	(80,411)	(20,312)	(586,581)	(962,037)
Settlement of joint venture termination obligation	-	-	(33,534)	-
Net increase (decrease) in short-term debt	12,500	6,700	(317,200)	(178,100)
Equity contract adjustment payments	(5,083)	(5,083)	(20,330)	(20,330)
	(82,130)	(73,629)	(246,859)	943,511
Net increase (decrease) in cash and cash equivalents	(654)	(13,522)	(290,046)	314,788
Cash and cash equivalents at beginning of period	108,228	411,142	397,620	82,832
Cash and cash equivalents at end of period	\$ 107,574	\$ 397,620	\$ 107,574	\$ 397,620

TECO ENERGY, Inc.

SEGMENT INFORMATION (Unaudited)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
(in millions)	2004	2003	2004	2003
Revenues ⁽¹⁾				
Tampa Electric	\$ 370.9	\$ 342.1	\$ 1,615.0	\$ 1,579.6
Peoples Gas	117.8	126.9	399.3	359.6
TECO Wholesale Generation-Merchant	15.0	19.2	91.7	119.8
TECO Transport	57.6	65.0	253.3	255.4
TECO Coal	78.7	75.5	299.4	311.7
Other unregulated companies	21.4	71.3	209.1	296.5
	661.4	700.0	2,867.8	2,922.6
Other/eliminations	(19.1)	(48.2)	(137.4)	(205.6)
Consolidated revenues	\$ 642.3	\$ 651.8	\$ 2,730.4	\$ 2,717.0
Net income ^{(1) (2)}				
Tampa Electric ⁽³⁾	\$ 23.9	\$ (9.0)	\$ 131.8	\$ 126.7
Peoples Gas ⁽⁴⁾	12.8	11.9	25.4	26.4
TECO Wholesale Generation-Merchant ⁽⁵⁾	(18.7)	(11.8)	(154.5)	(13.0)
TECO Transport ⁽⁶⁾	1.1	4.6	11.8	18.7
TECO Coal ⁽⁷⁾	15.4	25.7	66.9	84.7
Other unregulated companies ⁽⁸⁾	18.7	(2.2)	15.4	15.3
Other/financing/eliminations ⁽⁹⁾	(24.5)	(39.5)	(62.5)	(68.1)
Net income from continuing operations	28.7	(20.3)	34.3	190.7
Discontinued operations ^{(1) (10)}	(26.2)	24.1	(940.6)	67.8
Cumulative effect of change in accounting principle, net of tax ⁽¹¹⁾	-	(1.1)	(3.2)	(1.1)
Net income	\$ 2.5	\$ 2.7	\$ (909.5)	\$ 257.4
Average common shares outstanding during the period (thousands)	187,990	175,923	182,662	161,571

Notes:

- 1) All periods have been adjusted to reflect the reclassification of results from operations to discontinued operations for: the Union and Gila River projects (formerly part of TWG Merchant); and TECO Coalbed Methane, Prior Energy and TECO Gas Services (all formerly part of Other unregulated).
- 2) Segment net income is reported on a basis that includes internally allocated financing costs.
- 3) Tampa Electric net income for the 12-month period ended Mar. 31, 2004 includes after-tax charges of \$6.1 million related to restructuring activities. The 3-month and 12-month periods ended Mar. 31, 2003 include a \$48.9 million after tax asset impairment related to turbine purchase cancellations. The 12-month period ended Mar. 31, 2003 also includes after-tax restructuring charges of \$10.3 million.
- 4) PGS net income for the 3-month and 12-month periods ended Mar. 31, 2004 include after tax charges of \$2.6 million associated with restructuring activities.
- 5) TWG Merchant operations net income for the 12-month period ended Mar. 31, 2004 include a \$0.3 million after tax charge for expenses associated with restructuring activities, \$61.2 million after tax charges to record goodwill impairments, and a \$26.7 million after tax charge associated with the recording of a reserve for an arbitration award against TMDP related to its indirect ownership interest of Commonwealth Chesapeake Power Station. The 12-month period ended Mar. 31, 2003 includes a \$5.8 million after tax charge related to the sale of its ECKG investments and \$0.6 million for restructuring costs.
- 6) TECO Transport net income for the 3-month and 12-month periods ended Mar. 31, 2004 includes \$0.8 million of after-tax charges related to valuation adjustments. The 12-month period ended Mar. 31, 2004 also includes restructuring charges of \$1.0 million.
- 7) TECO Coal's net income for the 12-month period ended Mar. 31, 2004 includes a reversal of \$7.0 million of tax credits which were not usable due to insufficient taxable income.
- 8) Other unregulated net income for the 3-month and 12-month periods ended Mar. 31, 2004 include a \$10.6 million after-tax gain related to the propane business sale and a \$3.4 million after-tax asset impairment charge. The 12-month period ended Mar. 31, 2004 also includes after tax charges totaling \$52.4 million related to restructuring costs, asset impairment and goodwill impairments, tax credit reversals and other non-operating charges, and a \$34.6 million after-tax gain on the sale of Hardee Power Partners. The 3-month and 12-month periods ended Mar. 31, 2003 include an after-tax charge of \$15.3 million related to turbine purchase cancellations.
- 9) Other/financing/eliminations net income for the 3-month and 12-month periods ended Mar. 31, 2003 include the deferral of \$25.9 million of Section 29 tax credits. Interest expense that was previously internally allocated to Union and Gila River power stations is now reflected as a TECO Energy parent company expense. These interest expense allocations were \$25.6 million for the 12-month period ended Mar. 31, 2004, and \$5.9 million for the 3-month and 12 month periods ended Mar. 31, 2003.
- 10) Net (loss) income from discontinued operations include the losses from continuing operations for the Union and Gila River power stations. The 12-months ended Mar. 31, 2004 includes \$762.0 million in after-tax asset impairment charges associated with the designation of TPGC projects as discontinued operations and \$94.7 million related to the partnership termination and resulting consolidation of the Union and Gila River stations. The 3-months and 12-months ended Mar. 31, 2003 include after-tax gains of \$23.5 million and \$ 31.2 million, respectively, related to the sale of TECO Coalbed Methane's assets.
- 11) The 12-month period ended Mar. 31, 2004 included a \$3.2 million after tax charge for the cumulative effect of an accounting change to reflect the implementation of FAS 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. The 3-month and 12-month periods ended Mar. 31, 2003 included a \$1.1 million after-tax charge for the cumulative effect of an accounting change to reflect the adoption of FAS 143, *Accounting for Asset Retirement Obligations*.

TAMPA ELECTRIC COMPANY
ELECTRIC OPERATING STATISTICS (Unaudited)

Three Months Ended March 31,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2004	2003	Percent Change	2004	2003	Percent Change
Residential	\$ 181,452	\$ 169,135	7.3	1,815,550	1,878,770	(3.4)
Commercial	112,278	96,765	16.0	1,314,724	1,266,622	3.8
Industrial -- Phosphate	18,479	15,816	16.8	333,889	334,911	(0.3)
Industrial -- Other	23,539	19,257	22.2	319,137	299,336	6.6
Other sales of electricity	32,798	26,525	23.6	373,832	331,266	12.8
Deferred and other revenues	(15,536)	(5,256)	195.6	-	-	-
	\$ 353,010	\$ 322,242	9.5	4,157,132	4,110,905	1.1
Sales for resale	9,282	11,178	(17.0)	148,737	201,891	(26.3)
Other operating revenue	8,650	8,640	0.1	-	-	-
	\$ 370,942	\$ 342,060	8.4	4,305,869	4,312,796	--
Average customers	616,538	600,965	2.6	--	--	--
Retail Output to Line				4,240,765	4,285,054	(1.0)

Twelve Months Ended March 31	Operating Revenues*			Sales -- Kilowatt-hours*		
	2004	2003	Percent Change	2004	2003	Percent Change
Residential	\$ 779,721	\$ 760,333	2.5	8,201,528	8,210,860	(0.1)
Commercial	475,572	453,553	4.9	5,908,316	5,812,537	1.6
Industrial -- Phosphate	68,021	73,874	(7.9)	1,275,534	1,396,159	(8.6)
Industrial -- Other	92,809	83,889	10.6	1,322,579	1,249,936	5.8
Other sales of electricity	131,137	117,722	11.4	1,580,586	1,454,498	8.7
Deferred and other revenues	(15,487)	(11,561)	34.0	--	--	--
	\$ 1,531,773	\$ 1,477,810	3.7	18,288,543	18,123,990	0.9
Sales for resale	39,694	65,577	(39.5)	637,931	1,120,097	(43.0)
Other operating revenue	43,535	36,236	20.14295	--	--	--
	\$ 1,615,002	\$ 1,579,623	2.2	18,926,474	19,244,087	(2)
Average customers	608,794	593,643	2.6	--	--	--
Retail Output to Line			--	19,165,662	19,047,142	0.6

* in thousands

PEOPLES GAS SYSTEM

GAS OPERATING STATISTICS (Unaudited)

Three Months Ended March 31,	Operating Revenues*			Therms*		
	2004	2003	Percent Change	2004	2003	Percent Change
By Customer Segment:						
Residential	\$ 45,671	\$ 41,644	9.7	29,889	29,665	0.8
Commercial	49,131	47,661	3.1	109,892	106,088	3.6
Industrial	3,025	3,063	(1.2)	62,227	59,463	4.6
Off System Sales	7,598	21,849	(65.2)	26,164	34,133	(23.3)
Power generation	2,699	2,418	11.6	60,942	86,609	(29.6)
Other revenues	9,708	10,295	(5.7)	-	-	--
	\$ 117,832	\$ 126,930	(7.2)	289,114	315,958	(8.5)
By Sales Type:						
System supply	\$ 85,371	\$ 95,540	(10.6)	83,985	94,345	(11.0)
Transportation	22,753	21,095	7.9	205,129	221,613	(7.4)
Other revenues	9,708	10,295	(5.7)	-	-	--
	\$ 117,832	\$ 126,930	(7.2)	289,114	315,958	(8.5)
Average customers	304,081	289,583	5.0	--	--	--

Twelve Months Ended March 31,	Operating Revenues*			Therms*		
	2004	2003	Percent Change	2004	2003	Percent Change
By Customer Segment:						
Residential	\$ 109,695	\$ 92,438	18.7	64,441	64,637	(0.3)
Commercial	145,157	134,296	8.1	358,625	337,801	6.2
Industrial	10,356	12,162	(14.8)	222,922	239,276	(6.8)
Off System Sales	90,254	79,327	13.8	178,125	177,331	0.4
Power generation	10,397	10,920	(4.8)	338,027	462,994	(27.0)
Other revenues	33,459	30,442	9.9	--	--	--
	\$ 399,318	\$ 359,585	11.0	1,162,140	1,282,039	(9.4)
By Sales Type:						
System supply	\$ 288,062	\$ 252,326	14.2	326,914	335,204	(2.5)
Transportation	77,798	76,817	1.3	835,226	946,835	(11.8)
Other revenues	33,458	30,442	9.9	--	--	--
	\$ 399,318	\$ 359,585	11.0	1,162,140	1,282,039	(9.4)
Average customers	295,546	280,934	5.2	--	--	--

* in thousands