

SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The table below presents selected historical consolidated income statement data, cash flow information and balance sheet data of TECO Energy and its subsidiaries. This information was derived from our audited financial statements for the years ended December 31, 1997 through December 31, 2001 and our unaudited financial statements for the nine months ended September 30, 2001 and September 30, 2002. This information is only a summary. You should read it in connection with our historical financial statements and related notes and the sections titled "Management's Discussion & Analysis of Financial Condition & Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2001 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2002 and June 30, 2002. See "AVAILABLE INFORMATION" beginning on page 33.

	Nine Months Ended September 30,		Year Ended December 31,				
	2002(1)	2001	2001	2000	1999	1998	1997
(\$ in millions, except per share amounts)							
TABLE 1							
Income Statement Data(2)(3)							
Operating revenues	\$ 2015.3	\$ 1914.1	\$ 2,488.1	\$ 2,223.2	\$ 1,932.6	\$ 1,1905.1	\$ 1,809.5
Operating income	329.4	330.1	398.2	400.5	411.5	386.5	397.0
Net income from continuing operations (excluding non-recurring charges)	263.6	214.7	273.8	227.5	198.8	198.9	189.0
Earnings per share (basic) from continuing operations (excluding non-recurring charges)	1.80	1.61	\$ 2.04	\$ 1.80	\$ 1.52	\$ 1.51	\$ 1.45
Dividends paid per share	1.055	1.025	\$ 1.370	\$ 1.330	\$ 1.285	\$ 1.225	\$ 1.165
Cash Flow Information							
EBITDA(3)(4)	\$ 688.6	\$ 627.8	\$ 817.9	\$ 732.2	\$ 624.4	\$ 603.5	\$ 618.0
Cash interest	133.7	129.0	178.1	166.7	116.9	99.3	115.5
Cash flow from investing:							
Capital expenditures	(791.7)	(711.2)	(965.9)	(688.4)	(426.1)	(296.1)	(212.6)
Other capital investments	(518.1)	(43.6)	(140.1)	(361.4)	(78.8)	(94.8)	2.2
Total	(1,309.8)	(754.8)	(1,106.0)	(1,049.8)	(504.9)	(390.9)	(210.4)
Cash flow from financing	889.5	333.8	613.5	665.6	204.2	(98.2)	(145.7)
Cash flow from operations	449.3	398.9	502.7	386.3	379.3	495.4	350.8

- (1) Results include \$6 million in after-tax income from a settlement agreement with the Electric Reliability Council of Texas (ERCOT) relating to amounts due for ancillary services provided by TECO Power Services' Frontera Power Station in the second quarter and a \$3.0 million after-tax charge for an aircraft leased to US Airways by our TECO Investments subsidiary.
- (2) As described in Note J to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, we adopted the Financial Accounting Standards Board's FAS 142, Goodwill and Other Intangible Assets, as of January 1, 2002. Our adoption of FAS 142 resulted in the elimination of the amortization of goodwill for periods beginning January 1, 2002. Table 3 identifies goodwill amortized in prior periods and the estimated impact on our reported net income and earnings per share had amortization of goodwill been excluded from results for those earlier periods.
- (3) Because of our announced intention and initiation of our plan to sell the TECO Coalbed Methane business, consistent with the Financial Accounting Standards Board's FAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the operating results for TECO Coalbed Methane have been reclassified from continuing operations and will be reflected in discontinued operations. There is no impact on net income. Also effective for the quarter ended September 30, 2002, based upon the existing conclusions reached in Emerging Issues Task Force No. 02-03, Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities (EITF 02-03), we will present revenues for energy marketing operations on a net basis. There is no effect on operating or net income from continuing operations related to this reclassification. All periods presented reflect these reclassifications to conform to the current presentation.
- (4) EBITDA is defined as income before interest, taxes (except Section 29 synthetic fuel related benefits), equity component of

allowance for funds used during construction, depreciation and amortization. EBITDA is not a measure of performance under GAAP. While EBITDA should not be considered as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity, management understands that EBITDA is customarily used as a measure in evaluating companies.

	As of Sept. 30, 2002	As of December 31, 2001 2000 1999 1998 1997 (\$ in millions)				
TABLE 2						
Balance Sheet Data						
Total assets.....	\$ 8,059.9	\$ 6,763.4	\$ 5,734.3	\$ 4,690.1	\$ 4,179.3	\$ 3,960.4
Capitalization:						
Short-term debt.....	230.8	638.9	1,208.9	813.7	319.0	447.5
Long-term debt due within one year.....	338.4(1)	788.8	237.3	155.8	36.0	12.7
Long-term debt, less amount due within one year.....	2,955.8	1,842.5	1,374.6	1,207.8	1,279.6	1,080.2
Redeemable preferred securities.....	200.0	200.0	200.0	—	—	—
Mandatorily convertible preferred securities.....	449.1	—	—	—	—	—
Common shareholders' equity excluding the effects of unearned compensation.....	2,457.8	2,015.9	1,559.5	1,472.5	1,569.2	1,512.2
Total capitalization(2).....	6,631.9	5,486.1	4,580.3	3,649.8	3,203.8	3,052.6

- (1) Includes \$200 million in aggregate principal amount of our ROARS Notes which, as described under "SUMMARY — Recent Developments — Financing Plan" on page 6, will be exchanged for Notes valued at \$234.1 million in connection with this offering. See also "USE OF PROCEEDS."
- (2) Does not include guarantees and contingent obligations. See "RISK FACTORS — We have substantial indebtedness, which could adversely affect our financial condition and financial flexibility," on page 8 and "— Our financial condition and ability to access capital and pay dividends may be materially adversely affected by further ratings downgrades," on page 8.

	Nine Months Ended September 30, 2002 2001		Year Ended December 31, 2001 2000 1999 1998 1997 (\$ in millions, except per share amounts)				
TABLE 3							
Net Income:							
As reported.....	\$ 280.0	\$ 238.9	\$ 303.7	\$ 250.9	\$ 186.1	\$ 206.5	\$ 201.9
Add: Goodwill amortized, net of income tax.....	—	2.7	3.7	2.4	0.4	0.3	0.3
Adjusted net income.....	<u>\$ 280.0</u>	<u>\$ 241.6</u>	<u>\$ 307.4</u>	<u>\$ 253.3</u>	<u>\$ 186.5</u>	<u>\$ 206.8</u>	<u>\$ 202.2</u>
Earnings per share:							
Basic —							
As reported.....	\$ 1.91	\$ 1.79	\$ 2.26	\$ 1.99	\$ 1.42	\$ 1.57	\$ 1.54
Add: Goodwill amortized, net of income tax.....	—	0.03	0.03	0.02	—	—	0.01
Adjusted basic earnings per share.....	<u>\$ 1.91</u>	<u>\$ 1.82</u>	<u>\$ 2.29</u>	<u>\$ 2.01</u>	<u>\$ 1.42</u>	<u>\$ 1.57</u>	<u>\$ 1.55</u>
Diluted —							
As reported.....	\$ 1.91	\$ 1.78	\$ 2.24	\$ 1.97	\$ 1.42	\$ 1.56	\$ 1.54
Add: Goodwill amortized, net of income tax.....	—	0.02	0.03	0.02	—	—	—
Adjusted diluted earnings per share.....	<u>\$ 1.91</u>	<u>\$ 1.80</u>	<u>\$ 2.27</u>	<u>\$ 1.99</u>	<u>\$ 1.42</u>	<u>\$ 1.56</u>	<u>\$ 1.54</u>

Ratio of Earnings to Fixed Charges

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods shown.

<u>Nine Months Ended September 30, 2002</u>	<u>Twelve Months Ended September 30, 2002</u>	<u>Year Ended December 31,</u>				
		<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
2.81x	2.55x	2.41x(1)	2.42x(1)	3.14x(1)(2)	3.55x(1)(3)	3.65x(1)(4)

For the purpose of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investees and fixed charges. Fixed charges consist of interest on indebtedness, excluding allowance for funds used during construction, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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- (1) All prior periods presented reflect the reclassification of TECO Coalbed Methane's results from continuing operations to discontinued operations. In September 2003, TECO Energy announced its intention and initiated a plan to sell its interest in the TECO Coalbed Methane operations.
- (2) Includes the effect of non-recurring pretax items totaling \$21.0 million recorded at Tampa Electric, TECO Investments, Inc. and TECO Energy. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.48x for the year ended December 31, 1999.
- (3) Includes the effect of non-recurring pretax items totaling \$30.5 million associated with write-offs at TECO Coal and Tampa Electric, and \$0.6 million pretax of merger-related costs. The effect of these items was to reduce the ratio of earnings to fixed charges. Had these items been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.83x for the year ended December 31, 1998.
- (4) Includes a \$2.6 million pretax charge for all transactions associated with the mergers completed in June 1997. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this charge been excluded from the calculation, the ratio of earnings to fixed charges would have been 3.68x for the year ended December 31, 1997.