



JUNE 2003

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

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

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
(thousands)	2003	2002	2003	2002	2003	2002
Revenues	\$ 737,219	\$ 677,705	\$ 1,395,687	\$ 1,284,316	\$ 2,787,214	\$ 2,517,139
Expenses						
Operation	478,370	417,925	882,944	773,646	1,761,055	1,506,025
Maintenance	36,600	40,895	71,242	80,890	152,485	157,894
Asset impairment	(403)	-	104,125	-	104,125	-
Goodwill impairment	95,156	-	95,156	-	95,156	-
Depreciation	96,416	76,936	176,221	154,887	324,740	305,219
Taxes, other than income	43,822	44,208	87,248	87,930	172,504	161,991
Total expenses	749,961	579,964	1,416,936	1,097,353	2,610,065	2,131,129
Income from operations	(12,742)	97,741	(21,249)	186,963	177,149	386,010
Other income (expense)						
Allowance for other funds used during construction	4,150	5,678	11,736	10,017	26,647	14,602
Other income (expense), net	34,327	15,021	47,101	30,344	79,180	54,850
Loss on debt extinguishment	-	-	-	-	(34,125)	-
Loss on TPGC joint venture termination	(153,933)	-	(153,933)	-	(153,933)	-
Earnings from equity investments	2,283	(1,625)	(3,398)	(1,904)	(7,496)	1,409
Total other income (expense)	(113,173)	19,074	(98,494)	38,457	(89,727)	70,861
Interest charges						
Interest expense	77,039	33,921	133,138	73,441	200,626	154,899
Distribution on preferred securities	11,301	9,893	22,602	18,924	45,201	27,424
Allowance for borrowed funds used during construction	(1,602)	(2,193)	(4,532)	(3,869)	(10,291)	(5,639)
Total interest charges	86,738	41,621	151,208	88,496	235,536	176,684
Income before provision for income taxes	(212,653)	75,194	(270,951)	136,924	(148,114)	280,187
(Benefit)provision for income taxes	(87,363)	(5,738)	(126,285)	(13,902)	(150,798)	(20,565)
Net income from continuing operations before minority interests	(125,290)	80,932	(144,666)	150,826	2,684	300,752
Minority interests	23,416	-	23,416	-	23,416	-
Net income from continuing operations	(101,874)	80,932	(121,250)	150,826	26,100	300,752
Discontinued operations						
Income from discontinued operations (including pretax gain on disposal of \$12.7 in 2002)	-	1,535	38,231	3,706	60,616	9,854
Income tax expense (benefit)-discontinued operations	-	(3,265)	15,062	(6,577)	15,795	(12,652)
Net income from discontinued operations	-	4,800	23,169	10,283	44,821	22,506
Cumulative effect of a change in accounting principle, net of tax	-	-	(1,111)	-	(1,111)	-
Net income	\$ (101,874)	\$ 85,732	\$ (99,192)	\$ 161,109	\$ 69,810	\$ 323,258
Average common shares outstanding during the period (thousands)	176,421	144,205	176,207	142,268	169,955	139,919
Earnings per average common share outstanding:						
Earnings per share from continuing operations -- basic	(\$0.58)	\$0.56	(\$0.69)	\$1.06	\$0.15	\$2.15
Earnings per share -- basic	(\$0.58)	\$0.59	(\$0.56)	\$1.13	\$0.41	\$2.31
Earnings per share from continuing operations -- diluted	(\$0.58)	\$0.56	(\$0.69)	\$1.06	\$0.15	\$2.14
Earnings per share -- diluted	(\$0.58)	\$0.59	(\$0.56)	\$1.13	\$0.41	\$2.30

TECO ENERGY, Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

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

(thousands)	June 30, 2003	December 31, 2002
ASSETS		
Current assets		
Cash and cash equivalents	\$ 267,915	\$ 411,142
Restricted cash	91,417	1,624
Short-term investments	15,476	6
Receivables, less allowance for uncollectibles	524,502	422,655
Note receivable	23,000	235,071
Inventories, at average cost		
Fuel	113,983	113,724
Materials and supplies	105,474	96,116
Current derivative asset	52,553	12,442
Prepayments	103,118	30,426
Total current assets	1,297,438	1,323,206
Property, plant and equipment		
Utility plant in service-electric	7,397,843	5,054,354
Utility plant in service-gas	762,515	746,731
Construction work in progress	1,639,982	1,556,838
Other property	870,666	857,403
	10,671,006	8,215,326
Accumulated depreciation	(2,812,327)	(2,751,286)
Total property, plant and equipment, net	7,858,679	5,464,040
Other assets		
Other investments	704,473	845,290
Investment in unconsolidated affiliates	325,177	149,169
Intangible asset	6,358	11,139
Goodwill	100,238	193,660
Long term derivative asset	12,143	122
Regulatory asset	178,152	163,234
Deferred income taxes	482,811	340,233
Deferred charges and other assets	186,315	147,711
Total other assets	1,995,667	1,850,558
Total assets	\$ 11,151,784	\$ 8,637,804
LIABILITIES AND CAPITAL		
Current liabilities		
Long-term debt due within one year	\$ 48,168	\$ 127,118
Notes payable	417,500	360,500
Accounts payable	363,539	377,426
Current derivative liability	94,384	3,948
Customer deposits	99,037	94,631
Interest accrued	149,786	49,774
Taxes accrued	39,379	95,845
Total current liabilities	1,211,793	1,109,242
Other liabilities		
Deferred income taxes	526,037	495,007
Investment tax credits	25,242	27,496
Regulatory liability	96,696	98,079
Long term derivative liability	57,307	198
Other deferred credits and other liabilities	271,897	321,459
Long-term debt, less amount due within one year		
Recourse	3,665,121	3,112,714
Non-recourse	2,272,588	211,622
Minority interest	(1,071)	1,179
Company preferred securities	649,125	649,125
Capital		
Common equity (outstanding 176,637,143 shares in 2003 and 175,841,512 shares in 2002)	2,401,604	2,642,776
Unearned compensation	(24,555)	(31,093)
Total liabilities and capital	\$ 11,151,784	\$ 8,637,804
Book value per share	\$ 13.60	\$ 15.03

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

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

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
(thousands)	2003	2002	2003	2002	2003	2002
Cash flows from operating activities						
Net income	\$ (101,874)	\$ 85,732	\$ (99,192)	\$ 161,109	\$ 69,810	\$ 323,258
Adjustments to reconcile net income to net cash:						
Depreciation	96,416	76,936	176,221	154,887	324,740	305,219
Deferred income taxes	(98,593)	(50,775)	(83,433)	(69,695)	(110,209)	(108,339)
Investment tax credit, net	(1,127)	(1,127)	(2,254)	(2,255)	(4,814)	(5,097)
Allowance for funds used during construction	(5,752)	(7,871)	(16,268)	(13,886)	(36,938)	(20,241)
Amortization of unearned compensation	4,056	2,249	8,469	6,739	15,666	10,703
Cumulative effect of a change in accounting principle, pretax	-	-	1,800	-	1,800	-
Gain on asset sales, pretax	(33,149)	-	(71,829)	-	(86,935)	-
Equity in earnings of unconsolidated affiliates	(1,196)	3,024	5,501	4,474	16,333	3,110
Minority loss	(23,416)	-	(23,416)	-	(23,416)	-
Asset impairment, pretax	(403)	-	104,125	-	118,269	-
Goodwill impairment, pretax	95,156	-	95,156	-	95,156	-
Loss on TPGC joint venture termination, pretax	153,933	-	153,933	-	153,933	-
Deferred recovery clause	(14,435)	22,981	(17,428)	51,292	3,490	57,288
Refund to customers	-	(2,047)	-	(2,047)	(4,335)	(2,047)
Receivables, less allowance for uncollectibles	(10,975)	(36,482)	(67,881)	(56,702)	(75,277)	(12,261)
Inventories	(6,406)	(7,188)	(127)	(32,794)	(6,702)	(10,790)
Prepayments and other current assets	(42,558)	(2,139)	(47,139)	5,052	(45,919)	(9,863)
Taxes accrued	24,380	32,250	(81,354)	45,219	(102,459)	12,017
Interest accrued	(9,919)	(17,895)	21,767	11,830	24,128	9,533
Accounts payable	(88,698)	9,690	(58,713)	35,008	4,534	27,403
Other	46,603	11,458	56,097	24,147	56,548	12,864
	(17,957)	118,796	54,035	322,378	387,403	592,757
Cash flows from investing activities						
Capital expenditures	(208,493)	(262,069)	(310,672)	(578,818)	(797,033)	(1,114,511)
Allowance for funds used during construction	5,752	7,871	16,268	13,886	36,938	20,241
Purchase of minority interest	-	(9,928)	-	(9,928)	-	(9,928)
Purchase of business	-	-	-	-	-	(35,500)
Net proceeds from sale of assets	24,808	-	149,713	-	252,989	43,200
Restricted cash	(52,800)	-	(52,800)	-	(52,800)	-
Investment in unconsolidated affiliates	(3,673)	1,874	(4,687)	1,464	(13,756)	(4,699)
Other non-current investments	(22,435)	(128,324)	(66,548)	(336,703)	(445,482)	(454,888)
	(256,841)	(390,576)	(268,726)	(910,099)	(1,019,144)	(1,556,085)
Cash flows from financing activities						
Dividends	(33,536)	(49,848)	(95,972)	(98,033)	(213,734)	(193,072)
Common stock	1,968	355,660	4,553	360,108	217,019	458,970
Purchase of treasury stock	-	-	-	-	-	-
Proceeds from long-term debt	643,216	842,685	648,133	842,685	1,563,844	1,049,663
Minority interest	20,435	-	20,435	-	20,435	-
Restricted cash	(20,435)	(146,267)	(20,435)	(146,267)	125,832	(146,267)
Repayment of long-term debt	(478,239)	(403,967)	(498,551)	(411,977)	(1,036,309)	(628,595)
Settlement of TPGC joint venture termination obligation	(33,534)	-	(33,534)	-	(33,534)	-
Net increase (decrease) in short-term debt	50,300	(264,100)	57,000	(357,700)	136,300	60,300
Issuance of preferred securities	-	-	-	435,651	-	435,651
Equity contract adjustment payments	(5,082)	(5,082)	(10,165)	(5,082)	(20,330)	(5,082)
	145,093	329,081	71,464	619,385	759,523	1,031,568
Net increase (decrease) in cash and cash equivalents	(129,705)	57,301	(143,227)	31,664	127,782	68,240
Cash and cash equivalents at beginning of period	397,620	82,832	411,142	108,469	140,133	71,893
Cash and cash equivalents at end of period	\$ 267,915	\$ 140,133	\$ 267,915	\$ 140,133	\$ 267,915	\$ 140,133

TECO ENERGY, Inc.

SEGMENT INFORMATION (Unaudited)

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002	2003	2002
Revenues ⁽¹⁾						
Tampa Electric	\$ 407.7	\$ 413.3	\$ 749.8	\$ 759.0	\$ 1,574.1	\$ 1,476.7
Peoples Gas	94.8	77.3	221.7	162.7	377.0	299.2
TECO Power Services	116.4	75.4	181.3	130.7	360.4	277.0
TECO Transport	66.6	60.7	131.6	124.9	261.4	258.2
TECO Coal	78.1	80.2	153.6	161.2	309.5	315.1
Other unregulated companies	25.6	28.6	56.4	59.4	107.6	112.4
	789.2	735.5	1,494.4	1,397.9	2,990.0	2,738.6
Other/eliminations	(52.0)	(57.8)	(98.7)	(113.6)	(202.8)	(221.5)
Consolidated revenues	\$ 737.2	\$ 677.7	\$ 1,395.7	\$ 1,284.3	\$ 2,787.2	\$ 2,517.1
Net income ⁽²⁾						
Tampa Electric ⁽³⁾	\$ 39.5	\$ 45.4	\$ 30.5	\$ 81.4	\$ 120.9	\$ 166.8
Peoples Gas	4.8	4.4	16.7	14.2	26.7	22.7
TECO Power Services ⁽⁴⁾	(179.4)	8.9	(197.9)	13.8	(177.5)	31.4
TECO Transport	5.2	4.2	9.8	11.1	19.6	24.0
TECO Coal	20.8	19.7	46.5	37.1	85.9	68.5
Other regulated companies ⁽⁵⁾	(1.8)	2.1	(1.0)	4.6	1.2	5.6
Other/financing/eliminations ⁽⁶⁾	9.0	(3.8)	(25.8)	(11.4)	(50.7)	(18.2)
Net income from continuing operations	(101.9)	80.9	(121.2)	150.8	26.1	300.8
Discontinued operations ⁽⁷⁾	-	4.8	23.1	10.3	44.8	22.5
Cumulative effect of change in accounting principle, net of tax	-	-	(1.1)	-	(1.1)	-
Net income (including internally allocated finance costs)	\$ (101.9)	\$ 85.7	\$ (99.2)	\$ 161.1	\$ 69.8	\$ 323.3
Average common shares outstanding during the period (thousands)	176,421	144,205	176,207	142,268	169,955	139,919

Notes:

- 1) Revenues for all periods reflect the presentation of energy marketing related revenues on a net basis based on the deliberation of EITF 02-03, and the reclassification of TECO Coalbed Methane to Discontinued operations.
- 2) Segment net income is reported on a basis that includes internally allocated financing costs.
- 3) Net income for the 6-month and 12-month periods ended June 30, 2003 for Tampa Electric included a \$48.9 million after tax asset impairment charge related to turbine purchase cancellations.
- 4) Net income for the 3-month period ended June 30, 2003 for TECO Power Services included a \$61.2 million after tax charge for goodwill impairments and a \$94.7 million after tax charge related to the partnership termination and resulting consolidation of the Union and Gila River stations. In addition to these charges recorded in the second quarter, the 6-month period ended June 30, 2003 also included a \$15.3 million after tax asset impairment charge recorded in the first quarter of 2003 for turbine purchase cancellations. The 12-month period ended June 30, 2003 included the charges noted for the first and second quarters of 2003, as well as a \$5.8 million after tax charge related to the sale of TPS' ECKG investments recorded in the fourth quarter of 2002.
- 5) Net income for the 12-month period ended June 30, 2003 for Other unregulated companies included a \$3 million after tax charge at TECO Investments to adjust the carrying value for an aircraft leased to US Airways.
- 6) Net income for the 3-month period ended June 30, 2003 for Other/financing/eliminations included the recognition of \$15.4 million of previously deferred tax credits for the production of synthetic fuel in the first quarter. The 6-month and 12-month periods ended June 30, 2003 included the net deferral of \$10.9 million of tax credits recorded as an intra-period tax rate adjustment required by generally accepted accounting principles (GAAP). The 12-month period ended June 30, 2003 also included a \$20.9 million after tax charge at TECO Energy for debt extinguishment.
- 7) TECO Coalbed Methane's results have been reflected as Discontinued operations for all periods. Net income for the 6-month period ended June 30, 2003 for Discontinued operations included a \$22.7 million after tax partial gain recognition on the sale of TECO Coalbed Methane's assets. The 12-month period ended June 30, 2003 included the entire \$30.4 million after-tax gain on the sale of these assets.

TAMPA ELECTRIC COMPANY

ELECTRIC OPERATING STATISTICS (Unaudited)

Quarter End June 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2003	2002	Percent Change	2003	2002	Percent Change
Residential	\$ 190,706	\$ 193,463	(1.4)	2,028,657	2,069,238	(2.0)
Commercial	118,948	119,515	(0.5)	1,496,064	1,524,995	(1.9)
Industrial -- phosphate	17,232	21,478	(19.8)	329,449	376,848	(12.6)
Industrial -- other	22,885	21,689	5.5	331,103	319,160	3.7
Other sales of electricity	32,077	29,642	8.2	390,516	364,194	7.2
Deferred and other revenues	6,452	(414)	--	--	--	--
	\$ 388,300	\$ 385,373	0.8	4,575,789	4,654,435	(1.7)
Sales for resale	11,248	18,651	(39.7)	184,458	321,298	(42.6)
Other operating revenue	8,227	9,275	(11.3)	--	--	--
	\$ 407,775	\$ 413,299	(1.3)	4,760,247	4,975,733	(4.3)
Average customers	602,851	588,376	2.5	--	--	--
Retail output to line				5,006,012	4,968,759	0.7

Year-To-Date June 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2003	2002	Percent Change	2003	2002	Percent Change
Residential	359,842	356,201	1.0	3,907,427	3,783,578	3.3
Commercial	215,713	222,296	(3.0)	2,762,686	2,810,697	(1.7)
Industrial -- phosphate	33,048	37,720	(12.4)	664,360	693,651	(4.2)
Industrial -- other	42,142	40,822	3.2	630,439	602,482	4.6
Other sales of electricity	58,602	55,815	5.0	721,782	676,087	6.8
Deferred and other revenues	1,195	(9,868)	(112.1)	--	--	--
	\$ 710,542	\$ 702,986	1.1	8,686,694	8,566,495	1.4
Sales for resale	22,426	31,921	(29.7)	386,349	486,804	(20.6)
Other operating revenue	16,867	24,064	(29.9)	--	--	--
	\$ 749,835	\$ 758,971	(1.2)	9,073,043	9,053,299	0.2
Average customers	601,908	587,784	2.4	--	--	--
Retail output to line				9,291,030	9,067,297	2.5

Twelve Months Ended June 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2003	2002	Percent Change	2003	2002	Percent Change
Residential	757,577	699,321	8.3	8,170,279	7,705,041	6.0
Commercial	452,986	436,919	3.7	5,783,606	5,776,139	0.1
Industrial -- phosphate	69,628	61,561	13.1	1,348,760	1,181,601	14.1
Industrial -- other	85,086	78,093	9.0	1,261,879	1,204,478	4.8
Other sales of electricity	120,157	109,868	9.4	1,480,820	1,393,000	6.3
Deferred and other revenues	(4,695)	(17,078)	--	--	--	--
	\$ 1,480,739	\$ 1,368,684	8.2	18,045,344	17,260,259	4.5
Sales for resale	58,174	66,178	(12.1)	983,257	1,014,427	(3.1)
Other operating revenue	35,187	41,814	(15.8)	--	--	--
	\$ 1,574,100	\$ 1,476,676	6.6	19,028,601	18,274,686	4.1
Average customers	597,259	583,434	2.4	--	--	--
Retail output to line			--	19,084,393	18,140,172	5.2

* in thousands

PEOPLES GAS SYSTEM

GAS OPERATING STATISTICS (Unaudited)

Three Months Ended June 30,	Operating Revenues*			Therms*		
	2003	2002	Percent Change	2003	2002	Percent Change
By Customer Segment:						
Residential	\$ 20,069	\$ 14,866	35.0	10,635	10,183	4.4
Commercial	31,761	28,633	10.9	80,331	76,437	5.1
Industrial	2,375	3,156	(24.7)	54,646	64,521	(15.3)
Off system sales	29,483	20,684	42.5	47,660	52,529	(9.3)
Power generation	2,664	2,992	(11.0)	91,106	136,897	(33.4)
Other revenues	8,382	6,972	20.2	--	--	--
	\$ 94,734	\$ 77,303	22.5	284,378	340,567	(16.5)

By Sales Type:						
System supply	\$ 68,321	\$ 51,834	31.8	76,155	84,159	(9.5)
Transportation	18,031	18,497	(2.5)	208,223	256,408	(18.8)
Other revenues	8,382	6,972	20.2	--	--	--
	\$ 94,734	\$ 77,303	22.5	284,378	340,567	(16.5)
Average customers	291,212	276,698	5.2	--	--	--

Six Months Ended June 30,	Operating Revenues*			Therms*		
	2003	2002	Percent Change	2003	2002	Percent Change
By Customer Segment:						
Residential	\$ 61,713	\$ 40,685	51.7	40,300	35,448	13.7
Commercial	79,421	64,334	23.5	186,419	172,362	8.2
Industrial	5,437	6,510	(16.5)	114,109	131,910	(13.5)
Off system sales	51,332	31,075	65.2	81,793	85,887	(4.8)
Power generation	5,082	5,865	(13.4)	177,714	253,070	(29.8)
Other revenues	18,678	14,288	30.7	--	--	--
	\$ 221,663	\$ 162,757	36.2	600,335	678,677	(11.5)
By Sales Type:						
System supply	\$ 163,859	\$ 109,684	49.4	170,500	175,804	(3.0)
Transportation	39,126	38,785	0.9	429,835	502,873	(14.5)
Other revenues	18,678	14,288	30.7	--	--	--
	\$ 221,663	\$ 162,757	36.2	600,335	678,677	(11.5)
Average customers	290,397	276,339	5.1	--	--	--

Twelve Months Ended June 30,	Operating Revenues*			Therms*		
	2003	2002	Percent Change	2003	2002	Percent Change
By Customer Segment:						
Residential	\$ 97,641	\$ 69,327	40.8	65,088	55,815	16.6
Commercial	137,423	120,216	14.3	341,695	318,147	7.4
Industrial	11,380	12,170	(6.5)	229,402	247,643	(7.4)
Off system sales	88,126	56,190	56.8	172,462	165,789	4.0
Power generation	10,592	11,452	(7.5)	417,203	470,217	(11.3)
Other revenues	31,853	29,874	6.6	--	--	--
	\$ 377,015	\$ 299,229	26.0	1,225,850	1,257,611	(2.5)
By Sales Type:						
System supply	\$ 268,812	\$ 197,556	36.1	327,200	324,025	1.0
Transportation	76,350	71,799	6.3	898,650	933,586	(3.7)
Other revenues	31,853	29,874	6.6	--	--	--
	\$ 377,015	\$ 299,229	26.0	1,225,850	1,257,611	(2.5)
Average customers	284,564	271,647	4.8	--	--	--

* in thousands