Summary Information for Investors

OCTOBER 2003

Investment Considerations

The information which follows contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. These forward-looking statements include references to TECO Energy's anticipated capital investments, financing requirements, project completion dates, future transactions and other plans. These statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: energy price changes affecting TECO Power Services' (TPS') plants; TPS' ability to sell the output of its merchant plants; any unanticipated need for additional debt or equity capital that might result from lower than expected cash flow or higher than projected capital requirements; and TECO Energy's ability to successfully complete the sale of interests in its synthetic fuel business and other assets. The sale of TECO Coal's synthetic fuel business and TECO Coal's ability to successfully operate its synthetic fuel production facilities in a manner qualifying for Section 29 federal income tax credits could be impacted by changes in law, regulation or administration, such as the current suspension of the issuance of private letter rulings (PLRs) by the Internal Revenue Service (IRS). Other factors include: general economic conditions, particularly those in Tampa Electric's service area affecting energy sales; weather variations affecting energy sales and operating costs; and commodity price changes affecting Tampa Electric, Peoples Gas System, and TECO Coal. Taxable income in 2003 could be lower than forecast, which could impact the company's ability to utilize Section 29 tax credits, and in such event, earnings could be reduced and the intra-period tax benefit deferral might not be fully reversed. Some of these factors and others are discussed more fully in the "Investment Considerations" section under Tab VI. Any forward-looking statement speaks only as of the date on which it was made, and the company undertakes no obligation to update any forward-looking statement to reflect subsequent developments or circumstances other than as may be required by law.

Summary Information

OVERVIEW

SECTION I

2002 Highlights

* Continued strong customer growth at regulated utilities
* First phase of Tampa Electric Gannon/Bayside repowering nearly complete
* Peoples Gas continues system expansions; receives $12 million addition to base rates
* Suspended construction on two unregulated power generating projects
* Sale of TECO Coalbed Methane

Year-to-Date 2003 Highlights

* Merrill Lynch $350 million, unsecured credit facility
* Completed the sale of $300 million of senior unsecured notes
* 49% interest in synfuel production facilities sold, proceeds escrowed pending delivery of Private Letter Ruling (PLR). (See the TECO Coal section under Tab V)
* Hardee Power Partners sold for $100 million of net proceeds and the assumption of all outstanding project-related debt
* Sold 11 million shares of common stock directly to funds managed by Franklin Advisers
* 780 MW Bayside Power Station Unit 1 commercial April 2003
* Union and Gila River power stations in commercial service
* Management reorganization to focus on utility operations

Financial summary

(All amounts have been restated to reflect the reclassification of Coalbed Methane as discontinued operations.)

	2002[3]	2001	2000	1999	1998[2]
Florida Operations					
Tampa Electric	$ 1.12	$ 1.15	$ 1.15	$ 1.06	$1.07
Peoples Gas System	.16	.17	.17	.15	.12
TECO Solutions	.05	.03	.09	.03	.03
	1.33	1.35	1.41	1.24	1.22
TECO Power Services	.22	.20	.18	.07	.07
TECO Transport	.14	.20	.23	.20	.18
TECO Coal	.50	.44	.27	.10	.13
Other Unregulated	.00	.01	(.06)	(.01)	.02
Financing/other	(.24)	(.16)	(.23)	(.08)	(.11)
Earnings from continuing operations	1.95	2.04	1.80	1.52	1.51
Non-recurring charges	-	-	-	(.15)	(.15)
Discontinued operations	.20	.22	.19	.05	.21
Earnings per share	$2.15	$2.26	$1.99	$1.42	$1.57
Average Shares Outstanding-basic	153,202	134,521	125,882	131,031	131,727
ROE - avg.[1]	14.3%	16.5%	16.7%	14.5%	14.5%

(1) 1998 and 1999 ROE exclude one-time charges and discontinued operations.
(2) 1998 financing costs in Financing/other not allocated to the unregulated segments.
(3) Includes impacts of ($0.14) per share for debt refinancing and $0.05 per share gain on the first installment for the sale of TECO Coalbed Methane included in discontinued operations.
(4) All amounts include Hardee Power Partners, Ltd. The sale was completed effective September 30, 2003.

Dividend Reduction

On April 11, 2003 announced a 46% reduction to $.76 annually to conserve cash

Financial summary - continued

Commitment to Financial Integrity

- Issued $1.4 billion of equity and equity-like securities in 2001 through 2003
- From December 2000 to December 2002
  - ∗ Reduced debt/total capital from 62% to 54%
  - ∗ Reduced commercial paper by $900 million
- Bank credit facilities
  - ∗ Renewed Tampa Electric $300 million 364-day facility in November 2002
  - ∗ In April 2003, put in place a TECO Energy $350 million 18-month unsecured credit facility to replace one-year term loan if required
- In June 2003, completed the sale of $300 million of senior unsecured notes
- Sold 11 million shares of common stock directly to funds managed by Franklin Advisers in September 2003

Financial summary - continued

Credit Rating/Senior Unsecured Debt

	Fitch	Moody's	Standard & Poors
Tampa Electric	BBB+	Baa1	BBB-
TECO Finance / TECO Energy	BB+	Ba1	BB+
Outlook	Negative	Negative	Negative

In April, Moody's Investor Services, Inc. (Moody's) lowered the ratings on the senior unsecured debt securities of TECO Energy and TECO Finance to non-investment grade. Fitch Investor Services, Inc. (Fitch) also lowered TECO Energy's senior unsecured debt rating as did Standard & Poor's Ratings Service (S&P) in late May. The outlook assigned to TECO Energy by Moody's, Fitch and S&P is negative. In July 2003, S&P placed TECO Energy on credit watch citing uncertainty in its ability to complete the announced and planned sales on interest in its synthetic fuel business, created by Internal Revenue Service announcements. (See the Investment Considerations section under Tab VI.)

Also in April 2003, Tampa Electric Company's senior secured and unsecured debt ratings were lowered to BBB+ or equivalent with a stable outlook by Moody's and a negative outlook by Fitch. In late May 2003, S&P lowered Tampa Electric Company's senior secured and unsecured debt ratings both to BBB- with a negative outlook. These actions did not affect requirements related to debt covenants or obligations. Tampa Electric Company continues to be rated an investment-grade company.

The ratings actions were attributed to higher risks associated with the expansion of TECO Energy's investment in merchant generation facilities through its subsidiary TECO Power Services which increased further following the buyout of Panda Energy's interest in the TECO Panda Generating Company (TPGC), writedowns related to power projects, turbine purchase commitments, the termination of the joint venture and the consolidation of TPGC into TECO Energy's financial statements.

The downgrade of TECO's debt rating by Moody's Investor Service in April, triggered the repayment of the $250 million equity bridge loan balance associated with the construction of the Union and Gila River power stations. In addition, this ratings change required the company to post letters of credit, in an amount satisfactory to the majority of lenders, to secure the projects and project lenders for the remaining potential cost to complete the projects.

The company reached an agreement with the majority of the project lending banks for a total security amount of $234 million (including amounts for the remaining construction, liquidated damages for delays and performance shortfalls), $62 million of which was not required to be posted due to the achievement of the commercial operations of Gila River Phase 1 and Union Power Phase 3 prior to May 31, 2003. The company replaced and amended existing letters of credit (including retainage letters of credit) such that total letters of credit of $172 million were in place by May 20, 2003.

Subsequent to that posting, the letters of credit under these agreements were reduced by $62 million to $110 million in June with the commercial operation of Union Power Phase 4 and Gila River Phase 2. In July 2003, the outstanding letters of credit under these agreements were further reduced to $58 million with the commercial operation of Gila River Phases 3 and 4. The amounts outstanding are expected to be reduced to $8 million following full commercial operation which occurred in July, and the final acceptance of the units which is expected by October 2003 and declining as each phase completes its applicable 12-month warranty period. (See the Investment Considerations section under Tab VI.)

Capital investments

	Actual	Forecast (millions)			Total
	2002	2003	2004	2005-2007	2003-2007
Florida Operations	662	288	221	725	1,234
Independent Power	1,027	278	25	75	378
Other	75	57	44	116	217
Total	$1,764	$ 623	$ 290	$ 916	$ 1,829

- For 2003, Tampa Electric expects to spend $248 million, consisting of $109 million for the repowering project at the Gannon Station and $139 million to support customer growth and generation reliability.

- Capital expenditures for Peoples Gas System are expected to be about $40 million in 2003. Included in this amount is approximately $25 million for projects associated with customer growth and system expansion. The remainder represents capital expenditures for ongoing renewal, replacement and system safety.

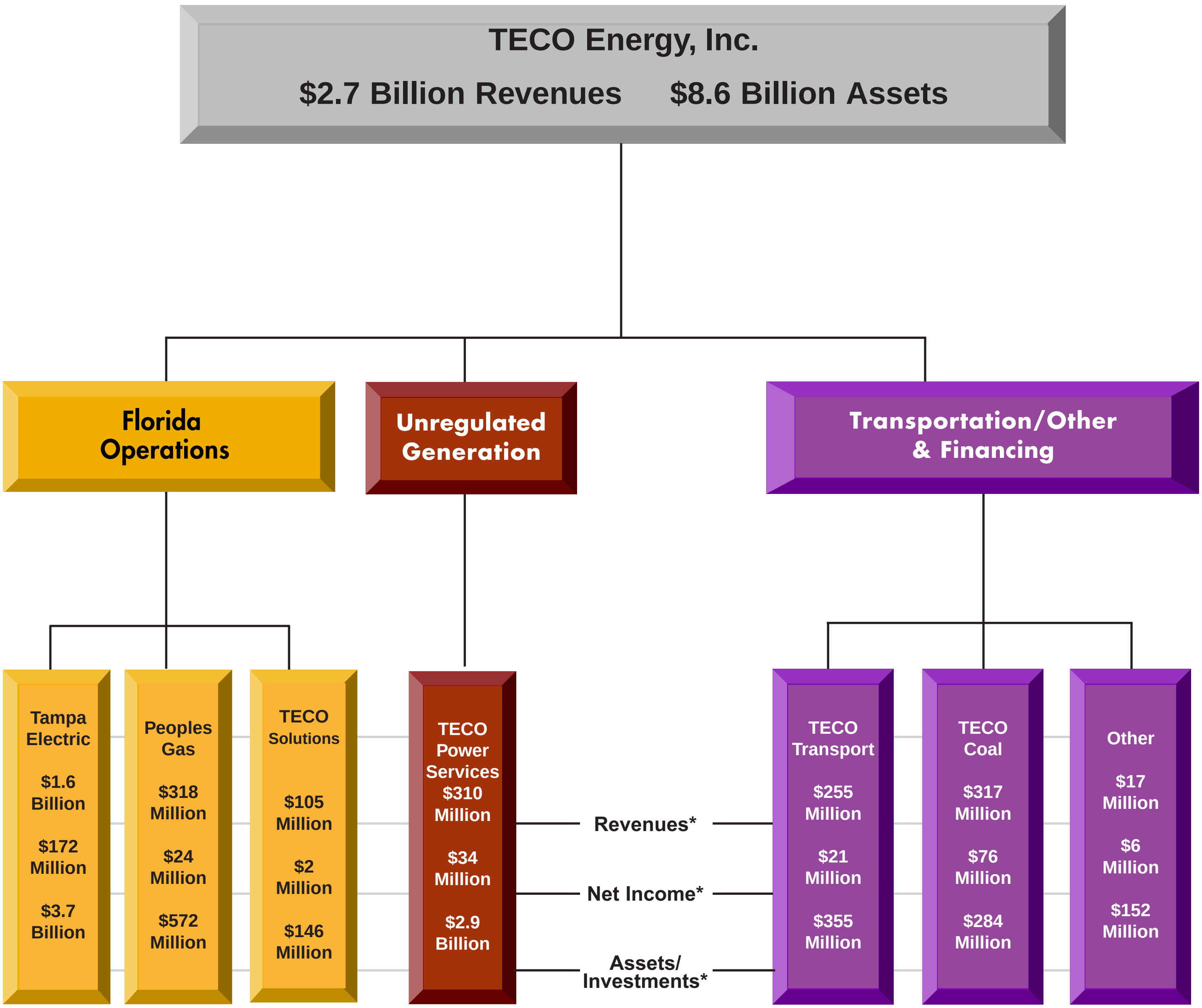
- TECO Power Services expects to invest $278 million in 2003, primarily for the completion of the Union and Gila River power stations. TECO Energy accelerated its guarantee obligation and executed a final agreement with Panda to effect the termination of the partnership between Panda and TPS. Capital expenditures increased due to the accounting treatment of this transaction.

- The other unregulated companies expect to invest $57 million in 2003 and $160 million during the 2004-2007 period. Included in these amounts is normal renewal and replacement capital, including coal mining equipment.

- Tampa Electric's total capital expenditures over the 2004-2007 period are projected to be $786 million, including $12 million for the repowering project and $141 million for compliance with the Environmental Consent Decree signed in 2000.

- Total capital expenditures for PGS during the 2004-2007 period are projected to be $160 million. Included in this amount is approximately $25 million annually for projects associated with customer growth and system expansion. The remainder represents capital expenditures for ongoing renewal, replacement and system safety.

2002 FINANCIAL SUMMARY



* Unconsolidated
* Reflects the reclassification of TECO Coalbed Methane as discontinued operations

Plans & Accomplishments

September 2002 cash generation plan raised $952 million to fund completion of construction program.

2003 additional cash generation activities completed to enhance liquidity and financial position are:

- New bank credit facility
- Dividend policy review
- Sale of Hardee Power Partners
- Sale of $129 million of equity to Franklin Advisers
- Sale of $300 million of TECO Energy senior unsecured notes

In April 2003, TECO Energy announced that its strategy going forward was to refocus on Tampa Electric and Peoples Gas, the regulated Florida utilities. In 2002, the regulated companies contributed 65% and 60% of TECO Energy's consolidated EBITDA and net income, respectively.

On September 2, 2003, TECO Energy announced a corporate restructuring consistent with its renewed focus on its regulated electric and gas businesses. The restructuring reflects the halting of new project development in the unregulated power business and is expected to result in a leaner more efficient organization.

Environmental Highlights

TECO Energy companies are committed to protecting the environment, as evidenced by a wide variety of projects and partnerships.

Tampa Electric

- Power Generation and Air Emission Reductions

  * In April, the former coal-fired Gannon Station, now renamed Bayside Power Station and fired by natural gas, began commercial operation on Unit 1. Bayside will improve Tampa Electric's ability to generate reliable electric power, significantly reduce emissions, and help protect Tampa Bay's environment.

  * Big Bend Station emission reductions. The flue gas desulfurization ("FGD") systems (or "scrubbers") at Big Bend Station have been improved, and now remove more than 95 percent of the sulfur dioxide from the flue gas in a cost-effective manner.

  * Overall, from 1998 to 2002, Tampa Electric has reduced annual emissions of sulfur dioxide ("SO2"), nitrogen oxides ("NOx"), and particulate matter ("PM") from its facilities by over 105,000 tons, 11,000 tons, and 1,000 tons, respectively.

  * Tampa Electric is committed to additional emission reductions projects, and these efforts are expected to result in the additional phased reduction of SO2 by over 47,000 tons per year, NOx by over 50,000 tons per year, and PM by over 1,900 tons per year.

  * In total, Tampa Electric's recent and future initiatives are projected to result in the reduction of SO2, NOx, and PM emissions by 87 percent, 89 percent, and 60 percent, respectively, below 1998 levels. With these improvements in place, Tampa Electric's facilities will meet the same standards required of new power generating facilities and help to significantly enhance the quality of the air in the community.

  * Polk Unit One is a state-of–the-art, clean-coal technology plant using an integrated, coal gasification, combined-cycle process in a cost-efficient and environmentally-friendly method to produce electricity from coal.

Environmental Highlights – continued

- Stewardship
  - * Tampa Electric works with the National Audubon Society to ensure protection of the Piney Point Bird Colony. This colony is the second largest wading bird colony in Tampa Bay and among Florida's most diverse colonies.
  - * The Manatee Viewing Center adjacent to Big Bend Station, where West Indian Manatees or Sea Cows, an endangered species, gather in the warm water discharge canal during the normally colder winter months, offers educational programs that include such topics as water conservation and responsible Florida landscaping. Since 1986, the Manatee Viewing Center at Big Bend Station has attracted more than one million visitors.

- Coal Combustion Products
  - * Tampa Electric markets over 1 million tons of Coal Combustion Products (CCP) each year for use as raw materials in manufacturing processes. CCPs are made when solid fuels, such as coal, are used to generate electricity. Using these products in manufacturing processes is environmentally friendly for a variety of reasons. Most importantly it preserves natural resources that would otherwise be mined as raw materials. Also, on a ton by ton basis, it reduces the need for landfill space.
  - * The scrubbers at Big Bend Station remove sulfur from the flue gas stream and make gypsum, the main raw material used to manufacture wallboard. It is also used in the production of Portland Cement. There are agricultural benefits as well, including improving calcium levels in soils without modifying pH.
  - * Fly ash from Big Bend and Gannon Stations is used in the manufacture of Portland Cement and as a Portland Cement replacement in ready mix concrete. An additional benefit to using fly ash in concrete is the ton for ton reduction of CO_2 produced for each ton of fly ash used. Bottom ash from Big Bend is used in the manufacture of Portland Cement and other cement products.
  - * Boiler slag from Big Bend and Gannon Stations is used as low free-silica blasting grit used in cleaning large surfaces quickly, and as an aggregate to protect roofing shingles from the sun's ultraviolet rays.

Environmental Highlights – continued

* Polk Power Station, Tampa Electric's integrated coal gasification combined cycle (IGCC) plant, produces sulfuric acid when it removes sulfur from the gas stream. Municipalities all over the State of Florida use this product in their municipal water treatment process.

* Tampa Electric is a Champion member of the Coal Combustion Products Partnership (C2P2) Program, a cooperative effort between the U.S. EPA, the American Coal Ash Association (ACAA), the Utility Solid Waste Activities Group (USWAG), and the U.S. Department of Energy (DOE) to help promote the beneficial use of coal combustion products and the environmental benefits that result from their use. This partnership will help meet the national waste reduction goals of the Resource Conservation Challenge - an EPA effort to find flexible, yet more protective ways to conserve valuable natural resources through waste reduction, energy recovery, and recycling.

- Recycling

    * Recycling activities include recycling and reuse of antifreeze, burning "on-specification" used oil for energy recovery, and reclamation of tires, spent lamps, batteries, scrap metal and transformers. Refurbishing transformers saved the company over $790,000, and refurbishing pole-line hardware saved over $200,000 in 2002.

    * Water recycling and beneficial reuse programs in the power stations account for approximately 3,900,000 gallons daily. The approximate major beneficial reuse amounts are: 1,000,000 gallons daily at Big Bend Station, 600,000 gallons daily at Gannon/Bayside Station, and 300,000 gallons daily at Polk Station; and about 2,000,000 gallons daily of Hillsborough County treated sewage effluent is used to reduce potable water consumption at Big Bend Station.

- Green Energy and Energy Conservation

    * "Smart Source" utilizes renewable energy sources such as natural sunlight, organic plant material, and landfill gas to generate electricity and offers customers the option to purchase unlimited 50 kilowatt-hour (kWh) blocks of green energy each month.

Environmental Highlights – continued

* Tampa Electric manages a microturbine generator at the Hillsborough County Solid Waste Department's landfill site, which can convert potentially hazardous methane gas into clean electricity. This is the first application of this kind of technology in Florida.

* The company has several energy conservation programs including free home energy audits in which the company provides instruction to customers on measures and practices they can implement to lower their energy consumption. 7,000 - 8,000 audits are completed annually.

Peoples Gas System

- Peoples Gas offers energy conservation rebates to both residential and commercial customers as incentives to increase the conservation of energy resources with the installation of new energy efficient natural gas appliances.

Environmental Highlights - continued

Unregulated Power Generation

- Project designs incorporate state-of-the-art emission control technologies, including low nitrogen oxide (NO_X) combustion technologies to control emissions of NO_X and carbon monoxide (CO) while firing on natural gas or fuel oil.

- Projects also use dry low nitrogen oxide combustors (DLN), along with selective catalytic reduction (SCR) to further reduce nitrogen oxide emissions and an oxidation catalyst to control carbon monoxide, and volatile organic compound emissions where required.

- Emissions of sulfur dioxide ("SO_2"), volatile organic compounds ("VOC") and particulate matter ("PM") are minimized by the choice of fuel, and the high combustion efficiency inherent in a modern design.

- Wastewaters are collected and treated prior to discharge or returned back to the plant for reuse whenever possible.

- Implementation of comprehensive Environmental Health and Safety management plans to strictly comply with all environmental laws and laws pertaining to health and safety.

Environmental Highlights – continued

TECO Ocean Shipping

- TECO Ocean Shipping provides leadership to the Tampa Bay Harbor Safety Committee, which is a partnership of commercial, regulatory and public interest representatives that provides guidance and recommendations on navigation safety, Port Security and other matters to protect the waters of Tampa Bay.

- TECO Ocean Shipping exceeds international and US requirements on many of its vessels by voluntarily complying with International Safety Management Code and International Training conventions. These standards raise the level of safety and environmental protection, through policies, procedures and practices to minimize the potential for harm to our employees, the public and the environment.

TECO Barge Line

- TECO Barge Line is a sponsor of "Living Lands and Waters". Living Lands and Waters' mission is to aid in the protection, preservation and restoration of the natural environment of the nation's major rivers and their watersheds; to expand awareness of environmental issues and responsibility encompassing the river; and to create a desire and an opportunity for stewardship and responsibility for a cleaner river environment.

- TECO Barge Line is certified under the American Waterways Operators' Responsible Carrier Program. Through this program, TECO Barge Line implements procedures to ensure the highest standards of safety and quality. Independent audits are conducted every three years to renew the certification.

Environmental Highlights – continued

TECO Coal Corporation

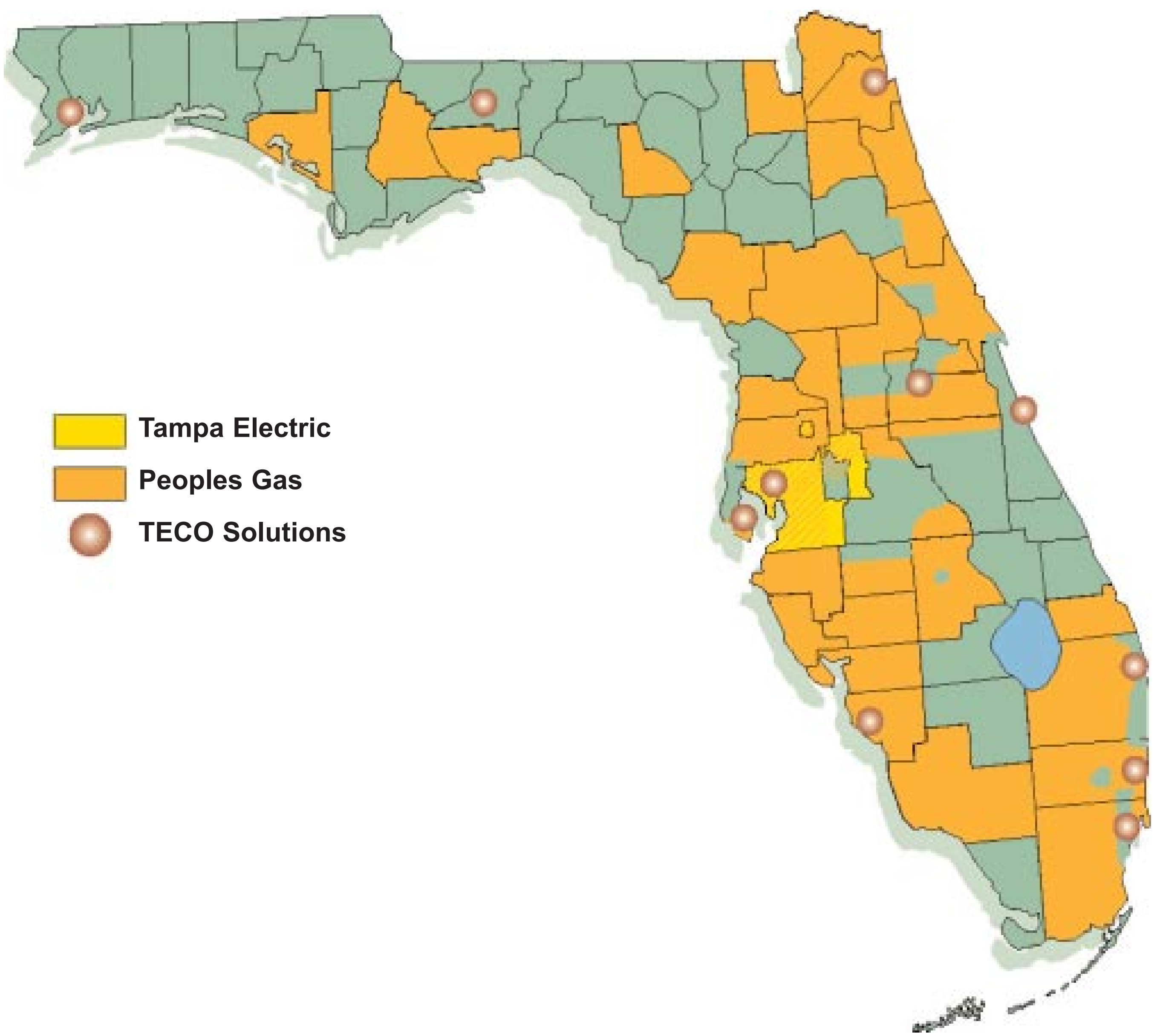
- Rich Mountain surface mining operations has joined with the Federal Office of Surface Mining and Reclamation Enforcement in operating a test mine site utilizing "low-compaction reclamation methodologies" on the White Oak surface mine. This innovative methodology will permit the reclaimed areas to produce trees rather than grasslands to more closely resemble pre-mine conditions.

- TECO Coal recycles large tires from the rubber-tired mining equipment to reduce the amounts of space used in land-fills. These tires are now being recycled, by a third party, into a variety of products such as box scrapers for tractors and grader blades for road grading equipment. These rubber graders are used in the laying of asphalt and preparation of un-improved roads at a much lower cost than metal blades and metal blade components.

- TECO Coal Corporation is currently involved with local school groups and the regulatory agency in an experimental reforestation project. A natural forest is being planted on reclaimed mine lands. The growth and quality (site index), as well as survivability rates are being monitored and recorded annually with the expectations of releasing a prepared scientific report at the term of the project.

FLORIDA OPERATIONS

Section II



Tampa Electric Company, incorporated in 1899, is TECO Energy's principal subsidiary. Tampa Electric, the electric division, now serves over 600,000 customers in its 2,000-square-mile West Central Florida service territory, including Hillsborough County and parts of Pasco, Pinellas and Polk counties.

Strengths

- One of the best energy markets in the United States
- Stable regulatory environment with history of balanced regulation benefiting both customers and the company
- Strong local employment and new business growth
- Forecast strong energy sales growth of approximately 3% annually over the next five years
- Favorable customer mix – 85% of revenues from residential and commercial
- Competitive generation
- Adding base load capacity by repowering older, less-efficient, coal-fired units to highly efficient natural-gas fired combined-cycle units
- Personnel reductions in 2002 of approximately 7 percent
- Additional 5 percent personnel reduction in 2003

Electric operations

Installed Capacity

Tampa Electric has four steam-generating plants, one integrated gasification combined cycle plant (IGCC), two internal combustion plants and five combustion-turbine peaking units. These plants, the fuel they use and their capacities are:

Plant	Fuel	MW (at 6/30/03)
Big Bend	Coal	1,759
Bayside 1	Natural gas	779
Gannon	Coal	885
Polk Unit 1	Coal / gasification	260
Polk Unit 2	Natural gas / Oil	180
Polk Unit 3	Natural gas / Oil	180
Phillips	Diesel or #2 oil	37
Big Bend peaking units	Diesel or #2 oil	165
City of Tampa	Natural gas or #2 oil	6
System total		4,251

Gannon Station repowering

- Gannon Station is in the process of being repowered to natural gas and upon completion will be renamed the Bayside Power Station. The repowered station is expected to have a nominal capacity of 1,804 MW (winter rating). In April, the natural gas fired Unit 1 (779 MW) began commercial service. Unit 2 (1,025 MW) is expected to be completed in January 2004.

- The use of an existing site and existing infrastructure permits a low capital cost, below that of new green field capacity.

- Will be served by the FGT pipeline initially. The Gulf Stream pipeline will have the ability to supply the plant, once construction to Tampa Electric is complete, making it the only plant served by both major pipelines serving Florida.

Demand

- Tampa Electric's peak demands occur in the winter because of electric heating. An all-time winter instantaneous peak load record of 4,092 MW was set on Jan. 24, 2003. Summer peaks are brought on by air conditioning. An all-time summer instantaneous peak load record of 3,887 MW was set on July 17, 2002.

High reliability

- Fewest and shortest service interruptions per 1,000 customers of peninsular Florida's investor-owned utilities (IOUs) for each of the past six years.

  * Reliability is a key consideration for relocating or expanding high technology and computer-intensive customers.

Competitive position

- Tampa Electric's retail prices are competitive nationwide among investor-owned utilities.

- No large contractual commitments to high cost purchased power.

- Customer per employee ratio has increased from 150 customers/employee in 1993 to a projected 250 customers/employee at year-end 2003, an improvement of over 66 percent.

- All employees have pay-at-risk based on achievement of corporate goals. The 2003 goals include net income, cash flow, safety, environmental, customer favorability, fuel and purchase power costs per MWH and reliability.

Retail energy sales growth

- Tampa Electric continues to benefit from the growth in west central Florida.

	September 30, 2003 12 Months Ended Growth		5-Year Avg. Historical Annual Growth	
	Customers	kWh Sales	Customers	kWh Sales
Residential	2.3%	7.4%	2.6%	4.4%
Commercial	2.0%	1.3%	2.6%	3.5%
Industrial	25.0%	4.8%	8.6%	1.5%
Other retail	8.5%	8.1%	5.6%	3.3%
Total retail	2.4%	5.1%	2.6%	3.5%

Customer sales outlook

- Tampa Electric expects customer growth of more than 2 percent in 2003.
- Tampa Electric forecasts indicate that summer retail demand growth is expected to average more than 100 MW per year for the next five years.
- Tampa Electric expects customer growth of more than 2 percent annually and retail energy sales growth of about 3 percent annually over the 2003 through 2007 period.
- These growth projections assume continued local area economic growth even in the current national economic climate, normal weather and a continuation of the current market structure.

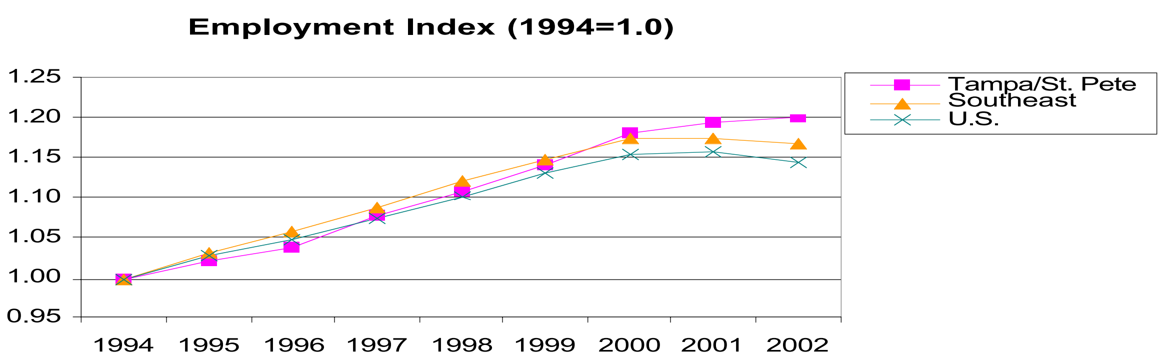
Economic outlook

- Florida's economy has slowed in response to the national economic downturn, however, the Tampa area's relatively low 4.5 percent unemployment rate attests to the strength of its diverse economy during this period. In August 2003, the Florida jobless rate stood at 5.5 percent compared to 6.1 percent for the nation.

- Florida's diversified service-based economy was less affected by the economic downturn than other areas of the nation.

- Florida ranked first in the U.S. and first in the Southeast in job growth, creating 64,300 net new jobs in 2002.

- Independent economic forecasts indicate that although Florida's economy will grow at a pace slower than previously forecasted, the outlook is still positive. With strong economic foundations and sound economic policies, Florida is rebounding faster than most other states. Strength in labor markets, personal income, housing starts, and increasing population are expected to drive Florida's economy.

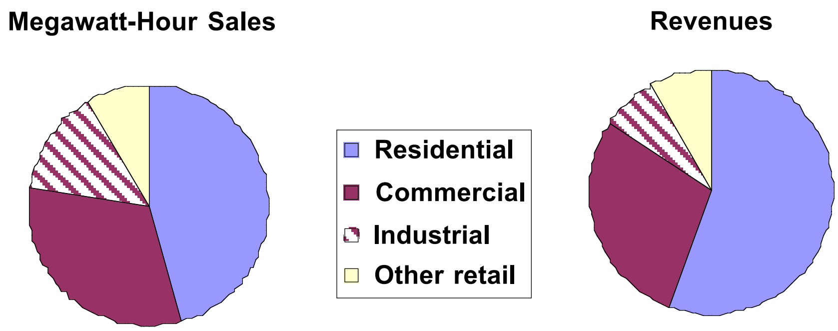


- Tampa metropolitan area employment growth is among the highest in the U.S.

  * The service sector accounts for 40 percent of all jobs, while just over 7 percent of total employment comes from the manufacturing sector.

  * The area's relatively small reliance on manufacturing as a source of employment and income helps insulate it from cyclical downturns in the national economy.

Retail customer mix



12 Months ended September 30, 2003 (thousands)

	Average Customers	MWH Sales	Sales %	Base Revenues	Revenue %	Revenue/ MWH
Residential	527.8	8,293	45.5	$ 416,539	55.6	$ 50
Commercial	65.7	5,841	32.0	216,045	28.9	37
Industrial	1.1	2,594	14.2	55,071	7.4	21
Other retail	6.4	1,512	8.3	60,971	8.1	40
Total retail	601.0	18,240	100.0	$ 748,626	100.0	$ 41

* Average residential and commercial customer usage is growing, with average annual growth of 4.4 percent and 3.5 percent respectively over the last five years.

* Proportion of sales to lower-margin industrial customers is below the national average and decreasing over time.

TECO TAMPA ELECTRIC

Regulatory information

Current Regulatory Environment

- Upon expiration of the regulatory agreements that determined earnings for 1995 through 1999, Tampa Electric returned to traditional ROE-based regulation in January 2000. The current allowed ROE midpoint is 11.75 percent, with an allowed range of up to 12.75 percent.
- In December 1999, the Florida Department of Environmental Protection (DEP) approved a comprehensive 10 year environmental plan which includes:
  * Repowering Gannon Station – to be renamed Bayside Power Station after repowering.
  * Nitrogen oxide (NOx) control at Big Bend Station in 2010 and beyond.
  * By 2010, reducing Tampa Electric's sulfur dioxide emissions by 80 percent and NOx emissions by 85 percent from 1994 levels.
- In February 2000, the Environmental Protection Agency (EPA) and Tampa Electric reached a settlement on an environmental plan with provisions similar to the state agreement.
- In September 2000, the Florida Public Service Commission (FPSC) approved the first of many projects required by the DEP Consent Final Judgment and EPA Consent Decree for recovery through the Environmental Cost Recovery Clause (ECRC).
- Subsequently, the FPSC has consistently approved projects required by the DEP and EPA agreements through the ECRC.
- In October 2002, Tampa Electric submitted a Federal Energy Regulatory Commission (FERC) filing to change its transmission and ancillary services rates under the company's open access transmission tariff. These rates apply to wholesale transmission users of Tampa Electric's transmission system and do not affect retail service rates. In December, the FERC accepted the filing and set the matter for settlement negotiations and a potential hearing should the settlement process fail. Settlement discussions began in January 2003. In March 2003, the parties reached an agreement in principle to settle the case. In July 2003, FERC approved the settlement.
- In March 2003, the FPSC approved a $60.6 million mid-period fuel adjustment clause increase to recover higher-than-expected fuel costs in 2002 and 2003.

Current Regulatory Environment - continued

- In September 2003, Tampa Electric along with the other Florida investor-owned utilities (IOUs) filed with the FPSC for approval of rates under the various cost recovery clauses for the period January 2004 through December 2004. This filing includes the impacts of Tampa Electric's increased use of natural gas at its' Bayside Power Station and the collection of $91 million for underestimated 2003 fuel expenses. As a result, Tampa Electric's total residential bill for 1,000 kWh is projected to increase $5.33 from $94.14 to $99.47. This compares to Progress Energy's requested $5.45 increase from $83.71 to $89.16 and FP&L's requested $0.30 decrease from $86.73 to $86.43. FP&L was already granted an increase in August due to underestimated 2003 fuel expenses. Potential issues that may be addressed in the cost recovery hearings scheduled for November relate to the schedule for the Gannon shutdown, the waterborne coal transportation request for proposals (RFP) process, gas commodity hedging activities, the recovery of certain projects required by the EPA Consent Decree and DEP Consent Final Judgment, and miscellaneous issues raised by the FPSC staff.

TECO
TAMPA ELECTRIC

Industry structuring in Florida –GridFlorida

- In December 1999, FERC issued Order No. 2000, dealing with FERC's continuing effort to effect open access to transmission facilities in large, regional markets. In response the peninsular Florida investor-owned utilities (Florida Power & Light, Florida Power, and Tampa Electric) agreed to form a Regional Transmission Organization (RTO) to be known as GridFlorida LLC which would independently control the transmission assets of the filing utilities, as well as other utilities in the region that choose to join. In March 2001, FERC conditionally approved GridFlorida.

- In May 2001, the FPSC questioned the prudence of the three filing utilities joining GridFlorida. After an October 2001 hearing, the FPSC ruled that, while the companies were prudent in forming GridFlorida, it ordered the companies to modify its proposal and to develop a non-transmission owning RTO model. An updated filing was submitted to the FPSC. In August 2002, the FPSC voted to approve many of the compliance changes submitted but set an October 2002 hearing on the market design change proposed in the updated filing.

- In October 2002, the process was held in abeyance after the Office of Public Counsel (OPC) filed an appeal with the Florida Supreme Court asserting that the FPSC could not relinquish its jurisdictional responsibilities to regulate the IOUs and that by approving GridFlorida the FPSC was doing just that. Tampa Electric and the other peninsular IOUs have assumed varying roles to support the FPSC and their prudence determinations. Oral arguments occurred in May 2003, and the Supreme Court dismissed the OPC appeal citing that it was premature because certain portions of the FPSC GridFlorida order are not final. On September 15, 2003 a joint meeting of the FERC and FPSC took place to discuss wholesale market and RTO issues related to GridFlorida and in particular federal/state regulatory interactions. The FPSC is set to resume discussions to finalize GridFlorida.

Outlook

- Expect continued strong retail energy sales growth from an expanding state and local economy.

  * Project average combined commercial and residential annual energy sales growth of more than 3 percent annually over the next five years.

- Bayside Units 1 entered into service in April 2003, and Unit 2 is expected to enter service in January 2004.

  * Cost savings expected from reduced manpower requirements and less maintenance.

  * Provide an opportunity for increased off-system sales.

- No new base load generation required until after 2010.

Peoples Gas System, acquired in 1997, is Florida's leading provider of natural gas. With a presence in all of the state's major metropolitan areas, Peoples Gas serves more than 280,000 residential and commercial customers. A recently completed expansion to Northeast Florida is just one of the company's growth initiatives.

Strengths

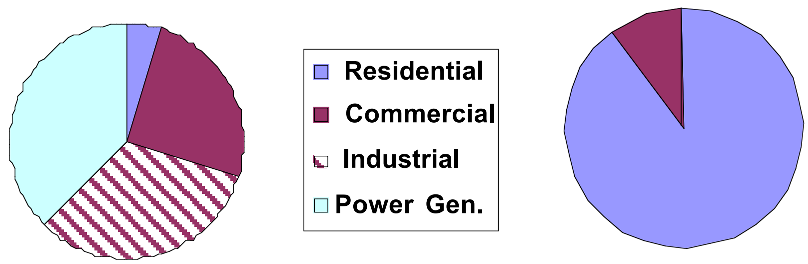
- Expands the TECO brand statewide
- Gas in Florida is significantly underserved, providing major growth opportunities for natural gas usage
- Florida opportunities
    * Ability to expand into areas currently not served
    * Key Accounts – supplying gas to new and established commercial customers
    * Statewide Developer Agreements – supplying gas to new residential projects
- Customer growth averaged more than 4 percent over the last five years
- Regulation is gas friendly
    * Commodity gas cost is a pass through

TECO
PEOPLES GAS

Operating Information

Therms Sold

Customers



	Therms sold (millions)	
	2002	**2001**
Residential	60.2	58.8
Commercial	327.6	308.9
Industrial	423.8	346.5
Power Generation	492.6	403.5
Total	1,304.2	1,117.7
Customers (average)	277,530	266,594

* Sales in 2001 reflect nearly normal weather. 2002 sales reflect 4.1 percent customer growth and mild winter weather.

* In November 2000, Peoples Gas System instituted its "NaturalChoice" program, which unbundles gas services from all non-residential customers, affording these customers the opportunity to purchase the commodity gas from any provider. The net result of this unbundling is a shift from commodity sales to transportation sales. Because commodity sales are included in operating revenues at the cost of the gas on a pass-through basis, there is no net financial impact to the company of the transportation only sales. The program is expected to increase gas use due to increased marketing by third parties. At year-end 2002, 9,500 customers had elected to take services under this program.

* In June 2002, Peoples Gas System filed for a $22.6 million permanent base rate increase. In December 2002, the FPSC authorized an increase to annual base revenues of $12.05 million. The new rates allow for an 11.25 percent midpoint ROE and a capital structure with 57.43 percent equity.

TECO PEOPLES GAS

Good prospects for growth

- Gas is underserved in the residential and commercial markets in Florida.

Southeastern U. S. Residential Gas Market Penetration Fall 2002

State	Total Households (millions)	Utilization
Louisiana	1.6	60%
Tennessee	2.1	44%
Georgia	2.8	62%
Alabama	1.7	46%
Mississippi	1.0	43%
S. Carolina	1.4	34%
N. Carolina	2.9	28%
Florida	**6.0**	**9%**

- Florida's growing residential/commercial market offers significant opportunities.

- Peoples Gas serves the high growth areas of Ft. Myers, Jacksonville, Naples, Ocala, Orlando, Palm Beach, Sarasota, Tampa, and surrounding areas.

- Capital expenditures in 2003 are expected to be about $40 million, and annual capital expenditures are expected to remain at this level over the next five years. The company expects to add infrastructure to serve new customers in areas currently served and expand the system into currently unserved areas.

- In May 2002, Gulfstream Natural Gas Pipeline initiated service. This interstate pipeline starts in Mobile Bay, Alabama, crosses the Gulf of Mexico and comes ashore in Florida just south of Tampa. Gulfstream is the first new pipeline serving Florida since 1959. This pipeline increases gas transportation capacity into Florida by 50 percent. PGS entered into a service agreement for capacity in 2002, which grows in 2003 and 2004. The addition of the Gulfstream pipeline enhances reliability of service and helps to meet the capacity needs for PGS' growing customer base.

Good prospects for growth - continued

- Current committed major projects present attractive opportunities for significant residential and commercial gas use growth.

  * Developers want to offer homes with natural gas service.

  * Commercial and residential customers want natural gas.

- Targeting high-end residential developments with significantly higher annual usage than the current residential usage rate.

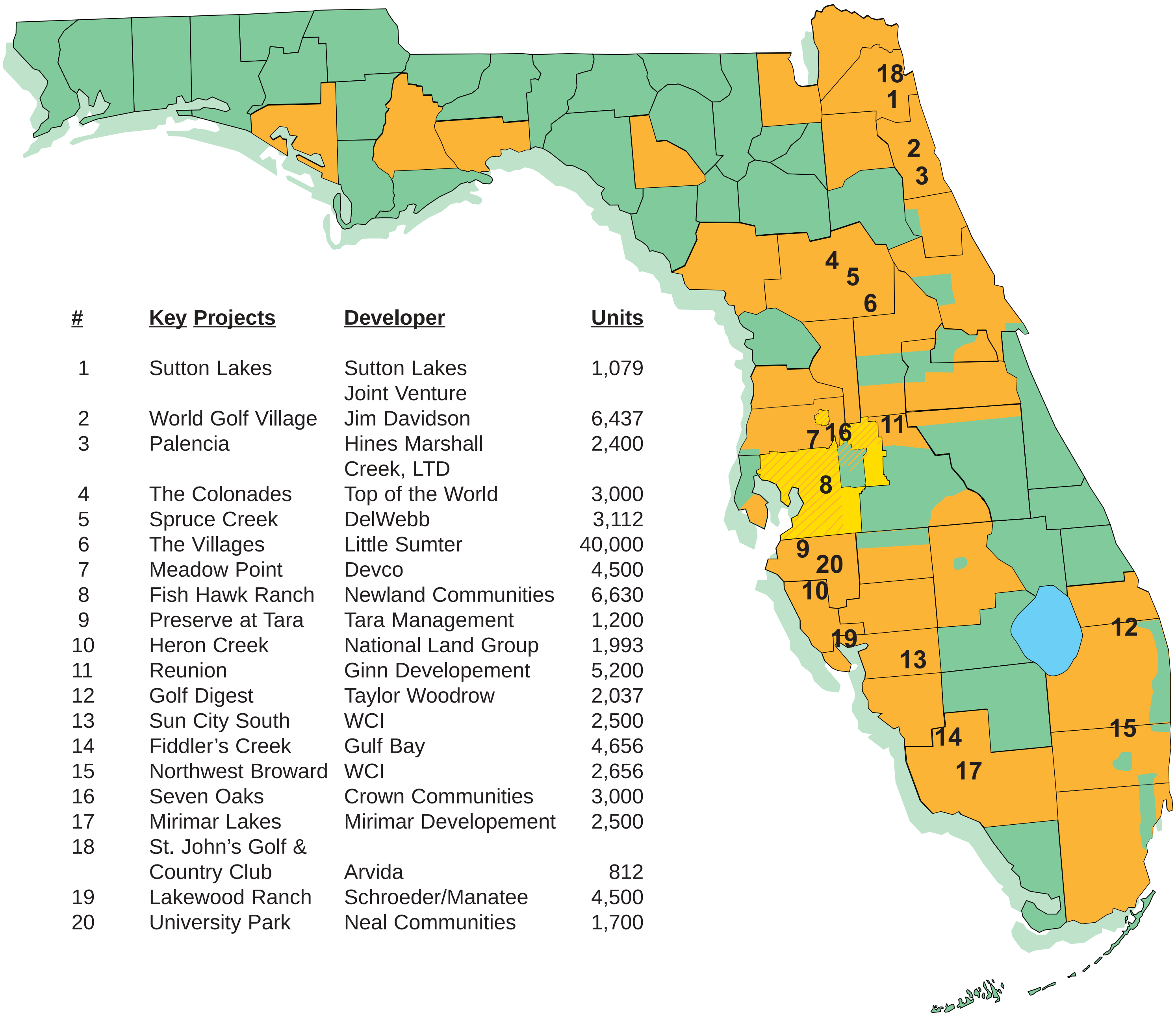
  * High usage commercial customer follow the residential reducing expansion payback.

- Recent expansions into the previously unserved booming Naples/Ft. Myers area and the high growth Jacksonville to St. Augustine corridor.

- In 2002, over 21,000 residential and commercial customers and nearly 600 miles of pipeline were added to the distribution system.

DEVELOPERS/BUILDERS

TECO
PEOPLES GAS



#	Key Projects	Developer	Units
1	Sutton Lakes	Sutton Lakes Joint Venture	1,079
2	World Golf Village	Jim Davidson	6,437
3	Palencia	Hines Marshall Creek, LTD	2,400
4	The Colonades	Top of the World	3,000
5	Spruce Creek	DelWebb	3,112
6	The Villages	Little Sumter	40,000
7	Meadow Point	Devco	4,500
8	Fish Hawk Ranch	Newland Communities	6,630
9	Preserve at Tara	Tara Management	1,200
10	Heron Creek	National Land Group	1,993
11	Reunion	Ginn Developement	5,200
12	Golf Digest	Taylor Woodrow	2,037
13	Sun City South	WCI	2,500
14	Fiddler's Creek	Gulf Bay	4,656
15	Northwest Broward	WCI	2,656
16	Seven Oaks	Crown Communities	3,000
17	Mirimar Lakes	Mirimar Developement	2,500
18	St. John's Golf & Country Club	Arvida	812
19	Lakewood Ranch	Schroeder/Manatee	4,500
20	University Park	Neal Communities	1,700

TECO Solutions was formed to offer customers (primarily in Florida) a comprehensive package of energy services and products including energy-efficient engineering and construction and gas management services, providing opportunities for cross marketing with Tampa Electric and Peoples Gas. Operating companies under TECO Solutions include TECO Energy Services (formerly TECO BGA and BCH Mechanical and its affiliated companies), TECO Gas Services, TECO Properties, Prior Energy, TECO Propane Ventures and TECO Partners.

- In November 2001, TECO Solutions acquired Prior Energy Corp., a leading natural gas management company. Serving customers throughout the Southeast, Prior Energy handles all facets of natural gas energy management services for large industrial, power generation utility, municipal and other governmental agency customers, including natural gas acquisition and supply management, transportation management, asset management and consulting services.

- TECO Propane Ventures holds the company's propane business investment. In 2000, TECO Energy combined its propane operations with three other southeastern propane companies to form U.S. Propane. In a series of transaction, U.S. Propane combined with Heritage Holdings, Inc. As a result, TECO Propane Ventures owns a 38-percent interest in the general partner that manages Heritage Propane Partners, L.P. (NYSE:HPG) and that general partner owns an approximate 29-percent limited partnership interest in Heritage Propane Partners.

UNREGULATED GENERATION

TECO ENERGY

Section III

TECO Power Services (TPS), builds, owns, and operates unregulated power generation facilities in high- growth areas in the United States and Central America. In total, TPS has a net ownership interest in more than 6,362 net megawatts of operating generating projects, and approximately 1,200 megawatts in projects for which construction has been suspended. TPS currently owns interests in or operates, nine power plants within the United States and two in Guatemala and an interest in a consortium that owns Empresa Eléctrica de Guatemala, S.A. (EEGSA), the largest electric distribution company in Central America. Domestically, projects operating or under construction call for TPS to serve customers in 18 states, primarily in the southern half of the United States.

- Actively pursuing and executing structured power sales agreements for portions of output to reduce potential volatility in earnings and cash flow

- Effectively managing and optimizing short-term sale of power and purchases of fuel in the spot energy markets

- Actively managing the sale of ancillary services such as spinning reserve, reserve capacity and regulation service

- Maximizing profitability of Central American assets

- Maximizing the performance of fully contracted domestic assets

Unregulated Power Generation Project Summary

Project	Location	Size MW	TECO Economic Interest	TECO Net Size MW	In-service/ Participation Date[1]
Operating:					
Alborada Power Station	Guatemala	78	96%	75	9/95
Empresa Eléctrica Guatemala S. A. (EEGSA) (a distribution utility)	Guatemala		24%		9/98[2]
San José Power Station	Guatemala	120	100%	120	1/00
Hamakua Energy Project	Hawaii	60	50%	30	8/00, 12/00
Frontera Power Station	Texas	477	100%	477	5/00, 3/01[2]
Odessa and Guadalupe	Texas	2,000	50%	1,000	9/00, 8/01
Commonwealth Chesapeake Power Station	Virginia	315	(3)	315	9/00, 8/01
Union	Arkansas	2,200	100%	2,200	1/03 – 6/03
Gila River	Arizona	2,145	100%	2,145	5/03 – 7/03
Total		**7,395**		**6,362**	
Suspended:					
Dell	Arkansas	599	100%		
McAdams	Mississippi	599	100%		
		1,198			

(1) Unless otherwise indicated, each date appearing in this column is an in-service date. When more than one in-service date appears, it indicates when different phases of the project went into operation.
(2) Dates on which TECO Energy acquired its economic interest in the project.
(3) TECO Energy currently receiving approximately 100% of the project's economic interest.

- Detailed fact sheets are provided for each project at the end of this section.

Energy Markets

- Power plants are located in markets that have a history of high load growth.
- TECO Energy anticipates that prices should improve as the economy continues to improve and as economic dispatch occurs.
- The forward curve for electricity prices reflects the price for energy that is delivered on a standard schedule. Because TPS' assets can be dispatched with some flexibility and sales of ancillary services are possible, the forward curve price may understate the realized price or profit margin.
- Strategy for selling plant output at project inception was:
    * Enter into two to five-year contracts with load-serving entities, for up to 50 percent of the output of the plants.
    * Contract another 25 percent of the output in the intermediate term market (less than two years).
    * Remaining 25 percent sold in the shorter-term spot market.
- Current markets are not supporting multi-year contracts
    * Until contracts are signed, maximize value and minimize risk to earnings and cash flow through shorter term and spot market sales.

TECO EnergySource (TES)

- Activated in 2001 to optimize the value of the unregulated generating assets.

  * TES has full responsibility for marketing the output and procuring fuel supplies under both short- and long-term contracts for the Union, Gila River and Frontera power stations.

  * TES, on behalf of the power stations, sells power to load serving entities and other purchasers of power, such as power marketing companies. Similarly, TES purchases gas supply and transportation from fuel suppliers and pipeline companies on behalf of the power stations.

  * TES and the projects utilize customized power sales agreements, as well as standardized, fixed-price forward sales and purchase contracts. In some cases financial instruments such as futures and contracts traded on the NYMEX, as well as swaps and other types of financial instruments traded in the over-the-counter markets are used to help manage exposure to electricity and natural gas price fluctuations.

  * Credit policies and procedures, administered by TECO Energy, are designed to limit overall credit risk. Credit procedures include a thorough review of potential counterparties' financial position, collateral requirements under certain circumstances, monitoring net exposure to each counterparty and the use of standardized agreements.

Unregulated Power Generation Highlights

- Net ownership interest of almost 6,362 net megawatts of operating projects, with an additional 1,200 megawatts suspended.

- Union Power Station achieved full commercial operation in June. Gila River Power Station achieved full commercial operation in July.

- Guatemalan assets performing well and producing strong cash flows and good returns.

- Contracts signed for output of the Gila River Power Station

  * Nevada Power, 200 megawatts, during the months of June through September of 2003 through 2005.

  * Arizona Public Service, 450 megawatts, during October 2003 and 2004 and May of 2004 and 2005, and 225 megawatts for November through April of 2003 through 2005.

  * Tucson Electric, 50 megawatts, during the months of June through September of 2003 through 2005.

  * Arizona Electric Power Cooperative (AEPCO), 30-80 megawatts for five summers (2003-2008).

- Sale of Hardee Power Station for $100 million net proceeds plus assumption of debt while TPS will continue to operate the facility under an operating agreement.

Union and Gila River Non-Recourse Project Debt

In connection with TECO Energy's Construction Undertaking Agreements (Construction Undertakings) and other guaranty agreements for the Union and Gila River projects, TECO Energy, the Union and Gila River project companies and the lending group have entered into a Suspension Agreement to suspend until January 31, 2004, the measurement of TECO Energy's compliance with the 3.0 times EBITDA to interest coverage ratio covenant contained in the Construction Undertakings for the quarters ended September 30, 2003 and December 31, 2003 in order to permit discussions among TECO Energy, the Union and Gila River Projects and the lending group regarding the projects operating budgets and performance. The Suspension Agreement calls for the September 30 and December 31, 2003 quarterly calculations to be made on February 1, 2004.

The Construction Undertakings provide that TECO Energy stand behind the performance of the construction contractor, replacing Enron as guarantor of NEPCO (its subsidiary's) performance. NEPCO was ultimately replaced by SNC-Lavalin under a performance-based but cost-plus contract. Currently major construction has been completed and both projects have achieved commercial operation. As a result, the remaining obligations relate to normal construction closeout matters for final acceptance and warranty obligations, the combined exposure for which is estimated to be a range of $11 to $13 million. This exposure is also secured by letters of credit in favor of the lending group totaling $66 million that were posted pursuant to the Construction Undertakings.

A default under the Construction Undertakings, including violation of the EBITDA to interest coverage covenant or otherwise, is a cross-default under the $1.395 billion non-recourse debt on the projects, which entitles the lending group to exercise remedies including accelerating the non-recourse debt and foreclosing on the projects. Under the Suspension Agreement, if the discussions with the lenders are not successful in reaching arrangements during the suspension period, then upon calculation of the covenant on February 1, 2004 for September 30 or December 31, 2003, the lending group could seek to assert the existence of a default under the Construction Undertakings and on the non-recourse debt and to exercise their rights. The non-recourse project debt is not an obligation of TECO Energy, but actions by the lenders could adversely affect its investment in the projects, which is currently carried on its books at $1.1 billion. As a result, the $1.395 billion of non-recourse project debt related to the Union and Gila River projects, which was consolidated at TECO Energy upon the buy-out of Panda's interest in TPGC, has been reclassified from long-term debt to current debt due within one year.

Union and Gila River Non-Recourse Project Debt

The Construction Undertakings permit TECO Energy to terminate its obligations thereunder, including the requirement to comply with the covenants, by providing a Substitute Guarantor reasonably satisfactory to the lending group. On September 22, 2003, TECO Energy tendered a Substitute Guarantor, which it believes satisfied the requirements of the Construction Undertakings. TECO Energy's tender also included continued maintenance of the letters of credit (described above). The lending group declined to accept this tender as being satisfactory. TECO Energy disagrees with the basis of their declining to accept the Substitute Guarantor. If the suspension period ends without TECO Energy and the lending group agreeing to an alternative arrangement, TECO Energy would plan to assert that the Construction Undertakings were terminated in the event that the lending group sought to exercise its rights thereunder based on a violation of the EBITDA to interest coverage ratio covenant. As part of the Suspension Agreement, both TECO Energy and the lending group have agreed not to assert their respective positions during the suspension period.

Unregulated Power Generation

Alborada Power Station

Name	Alborada Power Station
MW	78-MW Simple-Cycle
Technology	The project consists of two GE LM6000 combustion turbines operating in simple-cycle mode with inlet air chillers. The chiller system cools the combustion turbine inlet air to achieve the combustion turbine optimum inlet temperatures raising the total plant output from 65-MW to 78-MW at site ambient conditions. The facility includes a 230-kV switchyard and 1.7 km of transmission line connecting the switchyard with EEGSA's substation.
Project Cost	$50 Million
Ownership	TPS owns 96%, local partner owns 4%.
Commercial Operation	September 1995
Fuel Supply	TPS is providing fuel management services to EEGSA for the 15-year term of the power purchase agreement and is responsible for negotiating the fuel-related contractual arrangements. The combustion turbines are fired with low sulfur distillate oil.
Power Purchaser	Empresa Eléctrica de Guatemala, S.A. (EEGSA)
Term of Purchase	From 1995, 15 years + option for 5 additional years at Alborada's discretion.
Operator	TPS
Financing	Banco Industrial and Westrust.
Political Risk Insurance	Under a global policy.
Currency Risk	Weekly payments under the PPA are denominated in U.S. dollars; paid in Guatemalan quetzales.
Payment Risk	Minimized through a lockbox arrangement and TPS' ownership in EEGSA.

Unregulated Power Generation

Commonwealth Chesapeake Project

Name	Commonwealth Chesapeake Project
MW	315-MW Oil-Fired, Simple-Cycle
Technology	The plant consists of seven General Electric LM6000 combustion turbines. The combustion turbines operate in simple-cycle mode, and are fired with low sulfur No. 2 fuel oil. Clutches are attached to four of the seven turbines in order to provide spinning reserve. In addition, the turbines are equipped with inlet air chillers and are water-injected for NOx control.
Project Cost	$181 Million
Ownership	TPS currently receiving close to 100% of the projects economics.
Commercial Operation	Phase I - Sept. 2000, Phase II - Aug. 2001.
Power Market	Pennsylvania-New Jersey-Maryland Interconnection power pool (PJM) system. Lighthouse Energy is power marketer.
Transmission	Interconnected to Delmarva Power & Light's 138 kV transmission line that runs adjacent to the facility.
Fuel Supply	The project utilizes low sulfur No. 2 fuel oil with the project performing ongoing fuel management and day-to-day procurement.
Operator	TPS
Financing	None.

Unregulated Power Generation

Dell Power Station

Name	Dell Power Station
MW	599-MW Combined Cycle
Technology	The Dell Project is configured with two GE 7FA combustion turbines, two heat recovery steam generators with supplemental firing and selective catalytic reduction for lowering NOx emissions and one reheat steam turbine.
Project Cost	$335 Million to suspend status.
Ownership	100%
Commercial Operation	Currently suspended.
Power Market	ENTERGY
Transmission	When complete the facility will be interconnected to Entergy-Arkansas's 500-kV/230-kV Substation located adjacent to the plant site. This will allow power sales from the plant to be made into the Entergy power market.
Fuel Supply	When complete natural gas will be delivered through the Reliant Energy Transmission system. Reliant will construct, own and operate a 2.5 mile lateral to connect to its existing 18" interstate pipeline to the Dell facility, as well as an upstream compresssion station to ensure gas pressure and deliverability to the project.
Power Purchaser	N/A
Energy Management Plan	Objective: 50% contract > 1 year, 25% contract 30 days - 1 year, 25% spot.
Operator	TPS
Financing	None.

Unregulated Power Generation

Empresa Eléctrica de Guatemala, S.A.

Name	EEGSA
Location	Guatemala, Central America
Number of Customers	695,235 electric customers (as of 6/30/03)
Ownership	Consortium 80%, (Iberdrola 49%, TPS 30%, Electricidade de Portugal, S.A. 21%), TPS 24%.
Partners	Iberdrola, Electricidade de Portugal, S.A., private investors, & Guatemalan Government.
Purchase Price	$520 million (9/98)
Operator	Iberdrola
Financing	$200 million term loan from a group of lenders led by ABN Amro.
Energy Sales Growth	6%+ projected growth annually
Annual Energy Sales	4,289 Gwh (2002), up 8% from 2001
Revenues	$436 million (2002), up 7% from 2001
Employees	460 (2002), up 2% from 2001
Political Risk Insurance	Under a global policy.
Tariff/ Currency Risk	Energy costs adjusted quarterly. Value added distribution component adjusted semi-annually.

Unregulated Power Generation

Frontera Power Station

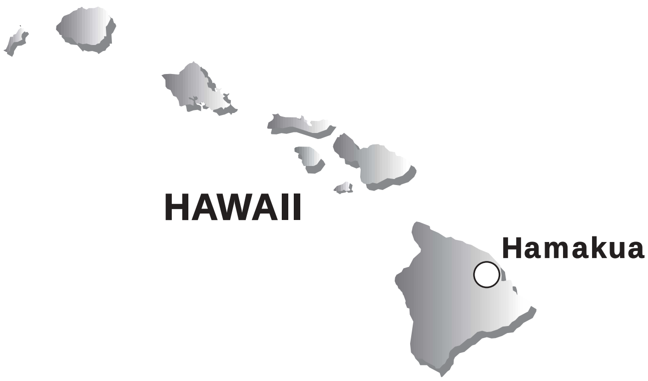
Name	Frontera Power Station
MW	477-MW
Technology	The facility uses two GE 7FA combustion turbines, two heat recovery steam generators, and one ABB steam turbine in combined cycle.
Project Cost	$201 Million
Ownership	100%
Commercial Operation	May 2000, acquired 3/15/01
Power Market	ERCOT (with 150 MW capability to Mexico).
Transmission	The project is interconnected to the ERCOT market via three 138-kV transmission lines which tie to the Central and Southwest's JL Bates substation. The Frontera Power Station also consists of a 2-mile 138- kV transmission line which interconnects the project with the Comisión Federal de Electricidad (CFE) in Mexico.
Fuel Supply	The project company owns and operates a 12-inch gas header located within the Frontera plant site. The gas line is used to aggregate gas supplies delivered to the site from three pipelines.
Power Purchaser	Merchant
Energy Management Plan	Objective: 50% contract > 1 year, 25% contract 30 days - 1 year, 25% spot.
Financing	None.

Unregulated Power Generation

Gila River Power Station

Name	Gila River Power Station
MW	2,145-MW Combined Cycle
Technology	The Gila River Project is configured with eight GE 7FA combustion turbines, eight heat recovery steam generators with supplemental firing and selective catalytic reduction for lowering NOx emissions and four single-flow, axial exhaust condensing steam turbines.
Project Cost	$1.4 Billion
Ownership	100%
Commercial Operation	536-MW - 5/03 536-MW - 6/03 536-MW - 6/03 537-MW - 7/03 2,145-MW - total
Power Market	Western Systems Coordinating Council.
Transmission	Output delivered to the 500-kV PaloVerde-Kyrene transmission line via two new 19-mile, 500-kV transmission lines.
Fuel Supply	Natural gas is delivered through the El Paso Natural Gas Company pipeline system which links to multiple supply basins.
Power Purchaser	10% - 20% under contract seasonally, remainder merchant.
Energy Management Plan	Objective: 50% contract > 1 year, 25% contract 30 days - 1 year, 25% spot.
Operator	TPS
Financing	5 year non-recourse bank financing obtained June 2001.

Unregulated Power Generation



Hamakua Energy Project

Name	Hamakua Energy Project
MW	60-MW Naptha-Fired, Combined-Cycle Cogeneration Facility.
Technology	The project consists of two GE LM2500 combustion turbine generator sets and one 20 MW steam turbine.
Project Cost	$115 Million
Ownership	TPS owns 50%, JA Jones Ventures 50%
Commercial Operation	Phase I - Aug. 2000, Phase II - Dec. 2000
Fuel Supply	Naptha fuel is provided to the project under a 10-year fuel contract with Tesoro Petroleum. Low sulphur No. 2 fuel oil as back up.
Power Purchaser	Hawaii Electric Light Company
Term of Purchase	30 years
Operator	TPS/JA Jones Ventures
Financing	27.5 year private placement with John Hancock closed in March 2001.
Payment Risk	Hawaiian Electric Light Company (long-term rating of BBB+).

Unregulated Power Generation

McAdams Power Station

Name	McAdams Power Station
MW	599-MW Combined Cycle
Technology	The facility is configured to use two GE 7FA combustion turbines, two heat recovery steam generators with supplemental firing and selective catalytic reduction for lowering NOx emissions and one reheat steam turbine.
Project Cost	$355 Million to suspend status
Ownership	100%
Commercial Operation	Currently suspended
Power Market	ENTERGY
Transmission	The facility will be interconnected to Entergy-Mississippi's McAdams 500-kV/230-kV Substation. This will allow power sales from the plant to be made into both the Entergy and TVA Subregions of SERC.
Fuel Supply	The location was chosen to take advantage of the close proximity of a number of different gas pipelines (Texas Eastern, SONAT, & Koch). Natural gas will be delivered through interconnections with Texas Eastern, SONAT and Gulf South. The project has a firm transportation position on TETCO and plans to optimize swing gas requirements with its multiple supply connections.
Power Purchaser	N/A
Energy Management Plan	Objective: 50% contract > 1 year, 25% contract 30 days - 1 year, 25% spot.
Operator	TPS
Financing	None.

Unregulated Power Generation

Odessa/Guadalupe

Name	Odessa/Guadalupe
MW	2000-MW (1,000-MW each)
Technology	Each facility uses a 4 GE 7FA combustion turbines, 4 heat recovery steam generators,and 2 steam turbines.
Project Cost	$912 Million; TPS investment $160 million.
Ownership	50% PSEG; 50% TPS
Commercial Operation	**Odessa** 1,000 MW - 8/01 **Guadalupe** 1,000 MW - 1/01
Power Market	ERCOT
Transmission	Guadalupe interconnected via Lower Colorado River Authority's adjacent 345-kV switching station. Odessa interconnection via Texas Utilities adjacent 345-kV switching station.
Fuel Supply	Guadalupe and Odessa connected to two and three pipelines, respectively. Each interconnects with major gas market hubs.
Power Purchaser	Varies by project, marketed through BP Energy Company
Operator	Texas Independent Energy (JV with 50% PSEG/50% TPS).
Payment Risk	Investment grade power marketer assumes credit risk.

Unregulated Power Generation

San José Power Station

Name	San José Power Station
MW	120-MW Pulverized coal
Technology	The project consists of a steam turbine using a cooling tower for condenser cooling, a steam generator and a substation. Low NOx burners and a pulse jet fabric filter complement the low-sulphur coal selected as the fuel.
Project Cost	$190 Million
Ownership	100%
Commercial Operation	January 2000
Fuel	TPS is performing ongoing fuels management for this project. This activity includes management of the day-to-day procurement process, as well as fuel contract negotiations and administration under a 6-year fuel supply contract.
Power Purchaser	Empresa Eléctrica de Guatemala, S.A. (EEGSA)
Term of Purchase	From 2000, 15 years + option for 5 additional years at Power Station's discretion.
Operator	TPS
Financing	Bank of America - led bank group and Overseas Private Investment Corp.
Political Risk Insurance	Under a global policy.
Currency Risk	Monthly payments under the PPA are denominated in U.S. dollars; paid in Guatemalan quetzales.
Payment Risk	Minimized through revenue trust and TPS' ownership in EEGSA.

Unregulated Power Generation

Union Power Station

Name	Union Power Station (formerly known as El Dorado Power Station).
MW	2,200-MW Combined Cycle
Technology	The Union Power Project is configured with eight GE 7FA combustion turbines, eight heat recovery steam generators with supplemental firing and selective catalytic reduction for lowering NOx emissions and four single-flow, axial exhaust condensing steam turbines.
Project Cost	$1.3 Billion
Ownership	100%
Commercial Operation	550-MW 1/03 550-MW 4/03 550-MW 5/03 550-MW 6/03 2,200-MW Total
Power Market	ENTERGY
Transmission	The project is interconnected to Entergy-Arkansas' 500-kV transmission substation adjacent to the site.
Fuel Supply	Natural gas, delivered via a new 42-mile, 30-inch pipeline (Trans Union) which is owned and operated by the project. The new line is connected connect to El Paso's Gulf States Interstate Pipeline and Texas Gas Transmission. These direct interconnects provide the project with access to additional major interstate pipelines.
Power Purchaser	Merchant.
Energy Management Plan	Objective: 50% contract > 1 year, 25% contract 30 days - 1 year, 25% spot.
Operator	TPS
Financing	5 year bank financing obtained June 2001.

TRANSPORTATION

SECTION IV

TECO Transport, a water transportation business, operates a U.S.-flag ocean-going fleet, a river barge fleet, and a deep-water dry-bulk commodity transfer and storage terminal. TECO Transport built its business on moving coal and other products via domestic inland rivers, the Gulf of Mexico, the Caribbean, and to worldwide markets, including South America, Asia, Africa and Europe.

Strengths

- Contributed $21 million to net income in 2002. TECO Transport has been profitable for more than 37 consecutive years, and has consistently made significant contributions to earnings and cash flow.

- TECO Transport offers unique turnkey services from origination on the river system, through storage and transfer to destination.

  - Good product and market diversity in all sectors of the business.

  - Operating assets acquired at attractive prices.

  - Equipment flexibility.

- Significant multi-year contract business provides a stable business base.

- In October 2003, Tampa Electric signed a contract with TECO Transport for its water transportation and terminal services needs for its solid fuel needs for the next five years. TECO Transport has successfully provided these services to Tampa Electric for more than 40 years, and since 1988 these services have been provided at market based rates. The Florida Public Service Commission is scheduled to review the transportation component of Tampa Electric's annual fuel adjustment filings in mid-November.

Business description

TECO Ocean Shipping (formerly known as Gulfcoast Transit)

- Largest U.S.-flag coastwise dry-bulk ocean-going company.

- Operates 8 tug-barge units ranging in size from 19,200 to 42,800 short tons and three ships at 33,500, 40,850 and 42,000 short tons for a combined capacity of over 381,000 short tons.

- Transports a variety of bulk commodities across the Gulf of Mexico as well as to all of the Americas, the Caribbean, Asia, Africa and Europe.

- Transports coal to Tampa for Tampa Electric Company from Louisiana and phosphate products on return trip.

TECO Barge Line (formerly known as Mid-South Towing)

- Seventh largest inland river barge company.

- Operates 18 towboats and approximately 740 barges primarily on the Mississippi, Illinois and Ohio rivers and their major tributaries.

- Moves coal for Tampa Electric, petroleum coke, export coal, grain and scrap steel south and phosphate fertilizers, steel related products and petroleum coke north.

- 250 covered barges move grain, fertilizer and other high-value commodity products.

TECO Bulk Terminal (formerly known as Electro-Coal Transfer)

- Largest transfer facility on the Gulf Coast and the second largest in the U. S.

- 18 million ton annual capacity; throughput in 2002 was 10 million tons, down from 13 million in 2001 due to the soft economy.

- Handles a variety of products for both domestic and foreign movements, including Tampa Electric coal.

TECO TRANSPORT

Outlook

- National economy starting to recover which could help results.

- Markets:

  * Tampa Electric volumes expected to drop in 2003 and 2004 due to conversion of Gannon to Bayside.

  * Export coal market remains soft.

  * Export petroleum coke movements expected to improve.

  * Opportunities for TECO Ocean Shipping to diversify into new foreign and domestic cargoes.

- Expect continued improvement in fleet utilization on the river through increased contract work and overall barge placement efficiencies.

OTHER DIVERSIFIED

TECO ENERGY

SECTION V

TECO Coal owns and operates low-sulfur coal mines and preparation facilities in Kentucky, Virginia and Tennessee. The company expects to mine, process and ship more than 9 million tons of conventional coals and synthetic fuel (synfuel) in 2003. Primary customers include domestic utilities, the U.S. and European steel industry, as well as industrial customers. For its sales of synthetic fuel, the company qualifies for federal tax credits created to encourage the production of fuel from non-conventional sources.

TECO Coal's major third party market segments

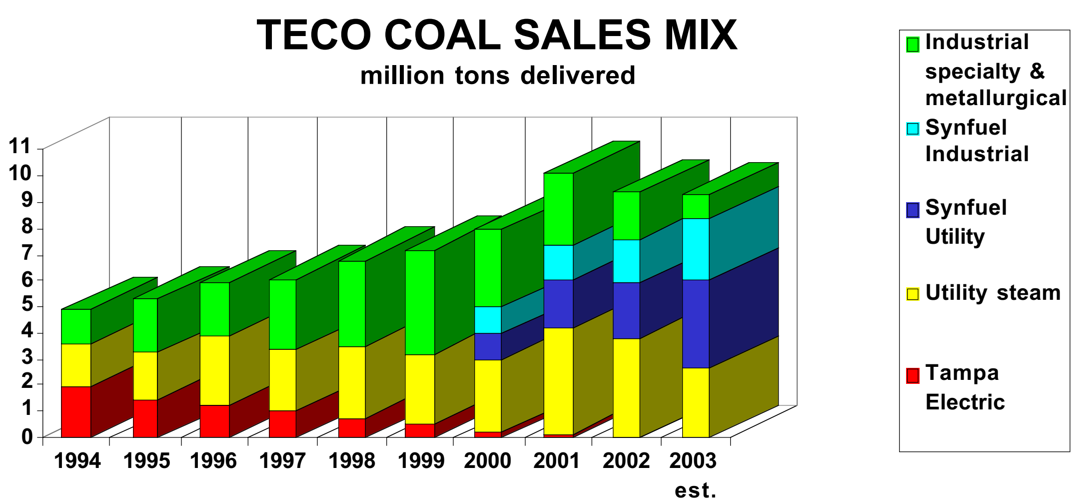
- Since 1988: Industrial applications
  Coals of specialty size and characteristics primarily for metallurgical markets.

- Since 1992: Electric utilities
  Low-sulfur and compliance coals.

Sales

- Sales of utility steam and specialty coals have grown significantly, even as Tampa Electric volumes have declined. The Tampa Electric contract expired in 1999 and was not renewed.

- Total sales of 9.3 million tons in 2002, compared to 10.1 in 2001 due to softer market conditions. Expect 2003 total sales to be consistent with 2002.



Synthetic Fuel Production

- Purchased synthetic fuel production facilities in January 2000.

* Currently located at TECO Coal's Premier Elkhorn, Clintwood Elkhorn and Perry County Coal mines in Kentucky.

* Began operations in second quarter of 2000.

* Produced and sold more than 3.8 million tons of synthetic fuel in 2002.

* In November 2001, TECO Coal received a private letter ruling from the Internal Revenue Service regarding the production of synthetic fuel from its facilities. The private letter ruling confirms that the facilities produce a qualified fuel eligible for section 29 tax credits available for the production of such non-conventional fuels through 2007.

* Sold 49.5 percent of the ownership interest to a Fortune 200 company and expect to sell another 40 percent ownership interest during 2004.

* The sale relating to the 49% interest in TECO Coal's synthetic fuel production facilities is contingent upon a positive response to our request for a PLR from the Internal Revenue Service allowing for the use of the Section 29 tax credits by the party to which this portion of the facilities was sold. The proceeds of the sale are being held in escrow pending resolution of this contingency. In the event the PLR is not received the buyer may rescind the transaction and TECO Coal would not receive the earnings and cash flow benefits from the sale of the facilities. Similarly, the sale of any additional portion of its interest in synthetic fuel production facilities will likely be dependent on receipt of a PLR for that transaction as well.

On June 27, 2003, the IRS issued a general notice advising that future PLR requests would not be issued pending the outcome of an IRS examination concerning each taxpayer's qualification for the credits. The IRS is examining this matter on an ongoing basis with no specific schedule for resolution and resumption of issuing PLRs, and although the company is working toward achieving a successful resolution to the current suspension of PLRs, it cannot predict whether the 49% sale will be rescinded or if it will be able to sell additional portions of the production facilities.

Outlook for 2003

- Volumes are expected to exceed 9 million tons, including about 6 million tons of synthetic fuel.

- Results are expected to be driven by increased synthetic fuel production of about 6 million tons generating positive cash flow by selling partial ownership interests in the synfuel facilities. The sale is contingent upon receipt of a positive resolution of the industry issue of chemical change and test protocols. Proceeds from this transaction are being held in escrow pending resolution of the contingency.

- Expects to produce over 3 million tons of conventional steam and metallurgical coal.

- Based on current market estimates, coal prices are expected to be slightly lower than those achieved in 2002.

Increased synfuel production is expected to offset the impact of lower coal prices.

INVESTMENT CONSIDERATIONS

TECO ENERGY℠

SECTION VI

Investment Considerations

The following are certain factors that could affect TECO Energy's future results. They should be considered in connection with evaluating forward-looking statements contained in this report and otherwise made by or on behalf of TECO Energy because these factors could cause actual results and conditions to differ materially from those projected in those forward-looking statements.

Financing and Liquidity Risks

We have substantial indebtedness, which could adversely affect our financial condition and financial flexibility.

In recent years, we have significantly increased our indebtedness which has resulted in an increase in the amount of fixed charges we are obligated to pay. The level of our indebtedness and restrictive covenants contained in our debt obligations could limit our ability to obtain additional financing or refinance existing debt and could prevent the repayment of subordinated debt and the payment of dividends if those payments would cause a violation of the covenants.

Our credit facility for $350 million which we converted to a one year term loan in November 2002 is due November 12, 2003 and will have to be repaid if not refinanced; we currently anticipate it will not be refinanced. Our other credit facility for $350 million extends until November 2004. Tampa Electric Company has a $300 million credit facility that expires November 12, 2003. TECO Energy and Tampa Electric Company are seeking to renew or replace their respective credit facilities but cannot assure you that we will be able to do so on favorable terms, if at all.

In order to utilize our bank credit facilities, TECO Energy and Tampa Electric Company must meet certain financial tests. TECO Energy's credit facilities require that, at each quarter-end, TECO Energy's debt-to-capital ratio, as defined in the applicable agreements, not exceed 65%. Under Tampa Electric Company's 364-day credit facility, its debt-to-capital ratio may not exceed 60% at the end of the applicable quarter and its EBITDA to interest coverage ratio (as defined in the agreement) cannot be less than 2.5 times. Certain long-term debt at PGS contains a prohibition on the incurrence of funded debt if Tampa Electric Company's debt-to-capital ratio, as defined in the applicable agreement, exceeds 65%. The PGS debt also contains a Tampa Electric Company interest coverage requirement, as defined in the applicable agreement, of 2.0 times or greater for the 12 month period ended each quarter. At June 30, 2003, Tampa Electric Company's debt-to-capital ratio was 49.3%, and interest coverage was 7.3 times.

Various agreements with the Union and Gila project debt lenders relating to the completion of construction are guaranteed by TECO Energy and require a TECO Energy consolidated interest coverage, as defined in the applicable agreement, equal to or exceeding 3.0 times for the twelve-month period ended each quarter and a debt-to-total capital ratio, as defined in the applicable agreement, of not more than 65%. Compliance with these covenants is measured on the last day of each quarter. At June 30, 2003, TECO Energy's debt-to-total capital ratio was 57.5% and EBITDA to interest coverage was 3.2 times. Should either ratio in future quarters fall outside the required level, TECO Energy would be in default under these guarantees which could trigger a cross-default on the Union and Gila River non-recourse project debt.

TECO Energy and the Union and Gila River project companies have entered into a Suspension Agreement with the lending group for the Union and Gila River projects to suspend until January 31, 2004 the quarterly calculation of the 3.0 times EBITDA to interest coverage ratio covenant in the TECO Energy Construction Undertakings for the performance by the construction contractor for those projects and other project-related TECO Energy guarantee agreements. The Suspension Agreement contemplates discussions among TECO Energy, the Union and Gila River project companies and the lending group to reach an understanding regarding the projects' operating budgets and performance before expiration of the suspension period on February 1, 2004 at which time the September 30 and December 31, 2003 quarterly calculations would be made. In the absence of an understanding, the lenders could seek to accelerate the non-recourse project debt starting as early as February 1, 2004 for non-compliance with the EBITDA to interest covenant requirements for the quarters ended September 30 or December 31, 2003, and thus the consolidated $1.395 billion non-recourse debt is now reflected as current. TECO Energy and the project companies would be entitled to assert their rights under the Construction Undertakings at that time.

Our 10.5% Notes issued in November 2002 contain covenants that limit our ability to incur additional liens and require us to achieve certain interest coverage levels in order to pay dividends or make distributions or certain investments, or issue additional indebtedness. The 7.5% Notes issued in June 2003 contain the same limitation on liens covenant. The covenants apply only if either the notes are rated non-investment grade by either S&P or Moody's or the notes are rated below the levels required by the equity bridge loan and Union and Gila River construction undertaking while those obligations are outstanding. The covenants became applicable upon Moody's downgrade of TECO Energy's senior unsecured debt in April 2003. The limitation on restricted payments restricts us from paying dividends or making distributions or certain investments unless there is sufficient cumulative operating cash flow, as defined, in excess of 1.7 times interest to make contemplated dividend payments, distributions or investments. The operating cash flow and restricted payments are calculated on a cumulative basis since the issuance of the 10.5% Notes in November 2002. At June 30, 2003, $139.1 million was accumulated and available for future restricted payments, representing two quarters' accumulation. We are not permitted, with certain exceptions as defined in that agreement, to create any lien upon any of our property in excess of 5% of consolidated net tangible assets as defined in the relevant agreements, without equally and ratably securing the 10.5% and 7.5% Notes. As of June 30, 2003 this limitation would apply to certain liens exceeding $176.2 million. Our EBITDA to interest coverage ratio for the immediate preceding four quarters must exceed 2.0 times for us to be able to issue additional indebtedness. As of June 30, 2003, our EBITDA to interest coverage for the immediate preceding four quarters was 3.0 times. Our 7.5% Notes Due 2010 issued in June 2003, also contain a covenant that restricts our ability to incur liens on our property in excess of 5% of consolidated net tangible assets as defined, at any time while the notes are rated below BBB— by Standard & Poor's or below Baa3 by Moody's.

The Merrill Lynch facility contains covenants that (1) require us to maintain as of the last day of each fiscal quarter a debt-to-capitalization ratio, as defined in the agreement, that does not exceed 65%, and (2) limit the payment of dividends exceeding $40 million in any quarter unless, prior to the payment of any dividends, we deliver to Merrill Lynch liquidity projections satisfactory to Merrill Lynch demonstrating that we will have sufficient cash or cash equivalents to pay both the dividends contemplated and each of the three quarterly dividends next scheduled to be paid on its common stock.

The Tampa Electric Company 6.25% Senior Notes issued in April 2003 contain covenants that (1) require Tampa Electric Company to maintain, as of the last day of each fiscal quarter, a debt-to-capitalization ratio, as defined in the agreement, that does not exceed 60%, and (2) prohibit the creation of any liens on any of its property in excess of $787 million in the aggregate, with certain exceptions as defined, without equally and ratably securing the 6.25% Senior Notes.

We cannot assure you that we will be in compliance with these financial covenants in any future period. Our compliance with certain of these covenants may depend upon our ability to timely complete the asset sales as described below. Our failure to comply with any of these covenants or to meet our payment obligations could result in an event of default which, if not cured or waived, could result in the acceleration of other outstanding debt obligations. We may not have sufficient working capital or liquidity to satisfy our debt obligations in the event of an acceleration of all or a portion of our outstanding obligations. In addition, if we had to defer interest payments on our subordinated notes that support the distributions on our outstanding trust preferred securities, we would be prohibited from paying cash dividends on our common stock until all unpaid distributions on those subordinated notes were made. In the case of the non-recourse financing arrangements for TECO Power Services' Gila River and Union Power Projects, although we have no obligation for the non-recourse debt, a breach of the covenants in our construction undertaking obligations would be an event of default which could ultimately result in the loss of our investment in these projects.

We also incur obligations in connection with the operations of our subsidiaries and affiliates, which do not appear on our balance sheet, including obligations related to the development of power projects by unconsolidated affiliates. These obligations take the form of guarantees, letters of credit and contractual commitments, as described in the sections titled "Off Balance Sheet Financing" and "Liquidity, Capital Resources" of the "Management's Discussion & Analysis of Financial Condition & Results of Operations" section of our periodic reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003. In addition, our unconsolidated affiliates from time to time incur non-recourse debt to finance their power projects. Although we are not obligated on that debt, our investments in those unconsolidated affiliates are at risk if the affiliates default on their debt.

Our financial condition and ability to access capital and pay dividends may be materially adversely affected by further ratings downgrades.

In April 2003, Moody's Investors Service, Inc. and Fitch Ratings lowered their ratings on our senior unsecured debt to Ba1 and BB+, respectively, both with a negative outlook. In May

2003, Standard & Poor's Ratings Services lowered the ratings on our senior unsecured debt to BB+ with a negative outlook. These agencies also lowered the ratings on other of our securities, as well as those of TECO Finance and Tampa Electric. Tampa Electric Company's senior secured and unsecured debt ratings were lowered to A3 and Baa1, respectively, with a stable outlook by Moody's, to A– and BBB+, respectively, with a negative outlook by Fitch and to BBB– for both senior secured and unsecured debt with a negative outlook by Standard & Poor's. Tampa Electric Company remains an investment grade company. The recent downgrades and any future downgrades may affect our ability to borrow and may increase our financing costs, which may decrease our earnings. We are also likely to experience greater interest expense than we may have otherwise if, in future periods, we replace maturing debt with new debt bearing higher interest rates due to our lower credit ratings. In addition, such downgrades could adversely affect our relationships with customers and counterparties.

As a result of the ratings actions, TPS and Prior Energy were required to post collateral or margins with counterparties in order to continue to transact in the forward markets for electricity and natural gas. Collateral or margin postings may fluctuate based on either (1) the fair value of open forward positions or (2) credit assurance assessments negotiated with counterparties. Counterparties with the right to call for collateral or margin postings are not obligated to do so. Based on the fair value of existing contractual obligations as of June 30, 2003, the maximum collateral obligation, if all counterparties exercised their full rights, would be approximately $69 million. The collateral obligation, if the most probable rights were exercised, would be approximately $44 million (including actual collateral posted of $40 million).

On July 10, 2003, S&P placed the ratings of TECO Energy and Tampa Electric Company on Credit Watch with negative implications as a result of the IRS suspending issuance of Private Letter Rulings for synthetic fuel plants and the potential effect of this action on TECO Energy's sale of interests in its synthetic fuel production plants. Because S&P generally bases its ratings on the consolidated corporate entity, any action is likely to impact the rating of Tampa Electric Company as well. As a result, any reduction in TECO Energy's debt rating by S&P would likely cause Tampa Electric Company to lose its investment grade rating status from that agency. Such a reduction would likely increase Tampa Electric Company's incremental cost of capital if new capital were required to be issued, which is not expected in the short to medium term, and could require Tampa Electric Company to provide additional assurances to vendors, regulators or others with whom it conducts business. We cannot predict with certainty the financial impact of such event.

If we are unable to limit capital expenditure levels as forecasted or successfully complete planned facility sales to the extent anticipated, our financial condition, liquidity and results could be adversely affected.

Part of our plan for 2003 included capital investments at the operating companies of $623 million. This total reflects reductions from previously anticipated levels in order to maximize cash flows and reduce the need for external financings or asset sales. These amounts also reflect the actual accounting treatment for the repayment of the equity bridge loan associated with the Union and Gila River power stations previously included in capital expenditures. Our plan also includes the sale of an additional 40% of our interest in facilities that produce synthetic fuel that qualifies for Section 29 tax credits at TECO Coal. Due to the actions of the Internal Revenue Service related to suspension of issuing new Private Letter Rulings for facilities producing synthetic fuel we can not predict whether we will be able to sell additional portions of the production facilities. In addition, we are currently in the process of selling our interest in the Hardee Power Station. If this sale is not completed as planned our liquidity position may be adversely affected. If we are unable to limit capital expenditures to the forecasted levels or to sell the synthetic fuel production facilities at the prices we expect or at all or to complete the sale of Hardee, we may sell additional assets, including those we identified on April 11, 2003, to improve our financial position. We cannot be sure that we will be able to sell such assets or obtain additional financings, in which case our financial position, liquidity and credit ratings could be adversely affected.

Completion of currently pending or future sales of our assets could adversely impact our financial results.

The completion of the sale of interest in the Hardee Power Station, strengthened our liquidity position and balance sheet, it is also expected to result in a reduction to earnings. Any additional asset sales could also reduce earnings.

We may be unable to continue to pay dividends at the current level, if at all.

In April 2003 the Board of Directors reduced the dividend paid on our common stock to an annual rate of 76 cents. The Board determines the dividend rate from time to time and we cannot assure you that we will sustain the dividend in the future.

We are vulnerable to interest rate changes and may not have access to capital at favorable rates, if at all.

Changes in interest rates and capital markets generally affect our cost of borrowing and access to these markets. We cannot be sure that we will be able to accurately predict the effect those changes will have on our cost of borrowing or access to capital markets.

Synthetic Fuel Tax Credit Risks

We may be unable to take advantage of our existing tax credits.

We derive a portion of our net income from Section 29 tax credits related to the production of non-conventional fuels. Although we sold a significant portion of our interest in the production facilities in April 2003 (subject to obtaining the Private Letter Ruling discussed below) and plan to sell the majority of our remaining interest in the production capacity, until and unless we successfully do so, our use of these tax credits is dependent on our generating sufficient taxable income against which to use the credits. We anticipate that we will generate sufficient taxable income to use the remaining credits, but we may not generate sufficient taxable income to utilize the credits related to the portion that has already been sold should that agreement be rescinded or to utilize the tax credits related to the portion of the facilities that we still plan to sell. We continue to incur costs in connection with the operation of the production facilities which we may not be able to fully recover if the agreement related to the portion of our interest already sold is rescinded and we are unable to utilize those credits.

We may be unsuccessful in obtaining a Private Letter Ruling (PLR) from the Internal Revenue Service relating to our sale of an interest in a portion of TECO Coal's synthetic fuel production facilities.

The sale relating to our 49% interest in TECO Coal's synthetic fuel production facilities is contingent upon a positive response to our request for a PLR from the Internal Revenue Service allowing for the use of the Section 29 tax credits by the party to which this portion of the facilities was sold. The proceeds of the sale are being held in escrow pending resolution of this contingency. In the event that we do not receive the PLR the buyer may rescind the transaction and we would not receive the earnings and cash flow benefits from the sale of the facilities. Similarly, the sale of any additional portion of our interest in our synthetic fuel production facilities will likely be dependent on receipt of a PLR for that transaction as well.

On June 27, 2003, the IRS issued a general notice advising that future PLR requests would not be issued pending the outcome of an IRS examination concerning each taxpayer's qualification for the credits. The IRS is examining this matter on an ongoing basis with no specific schedule for resolution and resumption of issuing PLRs, and although we are working toward achieving a successful resolution to the current suspension of PLRs, we cannot predict whether the 49% sale will be rescinded or if we will be able to sell additional portions of the production facilities.

Because we are a holding company, we are dependent on cash flow from our subsidiaries, which may not be available in the amounts and at the times we need it.

We are a holding company and dependent on cash flow from our subsidiaries to meet our cash requirements that are not satisfied from external funding sources. Some of our subsidiaries have indebtedness containing restrictive covenants which, if violated, would prevent them from making cash distributions to us. In particular, Tampa Electric Company's first mortgage bonds indenture contains restrictions on distributions on its common stock, and certain long-term debt at Tampa Electric Company's Peoples Gas System division prohibits payment of dividends to us if Tampa Electric Company's consolidated shareholders' equity is not at least $500 million. At June 30, 2003, Tampa Electric Company's unrestricted retained earnings available for dividends on its common stock were approximately $147 million and its consolidated shareholder equity was approximately $1.7 billion. Also, our wholly-owned subsidiary TECO Diversified, the holding company for TECO Transport, TECO Coal and TECO Solutions, has a guarantee related to a coal supply agreement that could limit the payment of dividends by TECO Diversified to us.

Independent Power Project Risks

TECO Power Services' power plants are affected by market conditions, and TECO Power Services may not be able to sell power at prices that enable it to recover its investments in the plants.

The TECO Power Services power plants that are in operation or under construction currently have only a portion of their output under long-term contracts for the sale of power.

Currently these power plants sell most of their power based on market conditions at the time of sale, so TECO Power Services cannot predict with certainty:

- the amount or timing of revenue it may receive from power sales from operating plants;
- the differential between the cost of operations (in particular, natural gas prices) and power sales revenue;
- the effect of competition from other suppliers of power;
- regulatory actions that may affect market behavior, such as price limitations or bidding rules imposed by the Federal Energy Regulatory Commission (FERC) or state regulatory bodies or reimposition of regulation in power markets;
- the demand for power in a market served by TECO Power Services' plants relative to available supply;
- the availability of transmission to accommodate the sale of power; or
- whether TECO Power Services will recover its initial investment in these plants.

At present, several of the wholesale markets supplied by so-called "merchant" power plants are experiencing significant pricing declines due to excess supply and weak economies. The excess supply is partially due to the slowdown of electric deregulation in many states, or the outright repeal of electric competition legislation as occurred in Arkansas in 2003 (where the Dell and Union power stations are sited or located). This has allowed incumbent utilities to continue to operate older, less efficient generating facilities in lieu of purchasing power from newer, more efficient independent power plants. Consequently, only about 40 percent of the output of TECO Power Services' merchant plants has been sold forward, or hedged, under short-term agreements for 2003 with a smaller amount hedged for 2004. TECO Power Services' results could be adversely affected if it is unable to sufficiently sell the output of its plants under longer-term contracts or at a premium to forward curve prices for short-term sales or if we need to write off any of the capital already invested in the projects.

Our outlook assumes that TECO Power Services will manage the risk to earnings and cash flow by:

- aggressive origination efforts;
- bidding for long term purchase power agreements;
- seeking opportunities for joint venture or asset sales; and
- continuing to defer completion of generating capacity in a market that has become oversupplied.

However, we cannot be sure how successfully TECO Power Services will be able to implement these risk management measures. For instance, in oversupplied markets, entering into long-term contracts could be difficult.

TECO Power Services may be unable to successfully complete current projects on schedule or within budget, and the book value of uncompleted projects could be impaired.

TECO Power Services has completed the major construction activities on the Union and Gila River power generating facilities with all phases of both projects having achieved commercial operation. It also has the Dell and McAdams projects that are suspended. The final completion and acceptance of these facilities involves risks of shortages and inconsistent qualities of equipment and material, labor shortages and disputes, engineering problems, work stoppages or unanticipated cost increases. Any of these events could delay a project's final acceptance. In addition, if the suspended projects remain suspended beyond the currently anticipated time frame, the book value of those projects could be impaired.

TECO Power Services' marketing and risk management policies may not work as planned, and it may suffer economic losses despite such policies.

TECO Power Services seeks to actively manage the market risk inherent in its energy and fuel positions. Nonetheless, adverse changes in energy and fuel prices may result in losses in our earnings or cash flows and adversely affect our balance sheet. TECO Power Services' marketing and risk management procedures may not always be followed or may not work as planned. As a result, we cannot predict with precision the impact that its marketing, energy management and risk management decisions may have on its business, operating results or financial position. In addition, to the extent it does not cover its positions to market price volatility, or the hedging procedures do not work as planned, fluctuating commodity prices would cause our sales and net income to be volatile.

TECO Power Services' marketing and risk management activities also are exposed to the credit risk that counterparties to its transactions will not perform their obligations. Should counterparties to these arrangements fail to perform, it may be forced to enter into alternative hedging arrangements, honor underlying commitments at then-current market prices or otherwise satisfy its obligations on unfavorable terms. In that event, its financial results would likely be adversely affected.

General Business and Operational Risks

General economic conditions may adversely affect our businesses.

Our businesses are affected by general economic conditions. In particular, the projected growth in Tampa Electric's service area and in Florida is important to the realization of Tampa Electric's and Peoples Gas System's forecasts for annual energy sales growth. An unanticipated downturn in the local area's or Florida's economy could adversely affect Tampa Electric's or Peoples Gas System's expected performance.

Our unregulated businesses, particularly TECO Transport, TECO Coal and TECO Power Services, are also affected by general economic conditions in the industries and geographic areas they serve, both nationally and internationally.

Potential competitive changes may adversely affect our regulated gas and electricity businesses.

The U.S. electric power industry has been undergoing restructuring. Competition in wholesale power sales has been introduced on a national level. Some states have mandated or encouraged competition at the retail level and, in some situations, required divestiture of generating assets. While there is active wholesale competition in Florida, the retail electric business has remained substantially free from direct competition. Changes in the competitive environment occasioned by legislation, regulation, market conditions or initiatives of other electric power providers, particularly with respect to retail competition, could adversely affect Tampa Electric's business and its performance.

The gas distribution industry has been subject to competitive forces for several years. Gas services provided by Peoples Gas System are now unbundled for all non-residential customers. Because Peoples Gas System earns margins on distribution of gas, but not on the commodity itself, unbundling has not negatively impacted Peoples Gas System's results. However, future structural changes that we cannot predict could adversely affect Peoples Gas System.

Our gas and electricity businesses are highly regulated, and any changes in regulatory structures could lower revenues or increase costs or competition.

Tampa Electric and Peoples Gas System operate in highly regulated industries. Their retail operations, including the prices charged, are regulated by the Florida Public Service Commission (FPSC), and Tampa Electric's wholesale power sales and transmission services are subject to regulation by the FERC. Changes in regulatory requirements or adverse regulatory actions could have an adverse effect on Tampa Electric's or Peoples Gas System's performance by, for example, increasing competition or costs, threatening investment recovery or impacting rate structure.

Tampa Electric is currently seeking regulatory approval for the costs associated with a new contract for coal transportation services.

Tampa Electric has executed a new 5-year contract for coal transportation services with TECO Transport. These services have been provided by TECO Transport historically and represent more than 40% of TECO Transport's revenues.

The costs associated with the transportation services are subject to Florida Public Service Commission review and approval through the annual fuel adjustment review which is currently underway.

Our businesses are sensitive to variations in weather and have seasonal variations.

Most of our businesses are affected by variations in general weather conditions and unusually severe weather. Tampa Electric's, Peoples Gas System's and TECO Power Services' energy sales are particularly sensitive to variations in weather conditions. Those companies forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have a material impact on energy sales.

Unusual weather, such as hurricanes, could adversely affect operating costs and sales.
Peoples Gas System, which has a single winter peak period, is more weather sensitive than Tampa Electric, which has both summer and winter peak periods. Mild winter weather in Florida can be expected to negatively impact results at Peoples Gas System.
Variations in weather conditions also affect the demand and prices for the commodities sold by TECO Coal, as well as electric power sales from TECO Power Services' merchant power plants. TECO Transport is also impacted by weather because of its effects on the supply of and demand for the products transported. Severe weather conditions could interrupt or slow service and increase operating costs of those businesses.

Electric power marketing may be seasonal. For example, in some parts of the country, demand for, and market prices of, electricity peak during the hot summer months, while in other parts of the country such peaks occur in the cold winter months. As a result, our power marketing results may fluctuate on a seasonal basis. The pattern of this fluctuation may change depending on the nature and location of the facilities we operate and the terms under which we sell electricity.

Commodity price changes may affect the operating costs and competitive positions of our businesses.

Most of our businesses are sensitive to changes in coal, gas, oil and other commodity prices. Any changes could affect the prices these businesses charge, their operating costs and the competitive position of their products and services.

In the case of Tampa Electric, currently fuel costs used for generation are mostly affected by the cost of coal, and to a lesser extent, natural gas. Tampa Electric's fuel costs will be increasingly impacted by the cost of natural gas with Bayside 1 in service and as Bayside 2 is completed. Tampa Electric is able to recover the cost of fuel through retail customers' bills, but increases in fuel costs affect electric prices and, therefore, the competitive position of electricity against other energy sources.

Regarding wholesale sales of electricity, the ability to make sales and margins on power sales is currently affected by the cost of coal and other fuels to Tampa Electric, particularly as it compares to the cost of gas and oil to other power producers.

In the case of TECO Power Services, results are impacted by changes in the market price for electricity. The profitability of merchant power plants is heavily dependent on the price for power in the markets they serve. Wholesale power prices are set by the market assuming a cost for the input energy and conversion efficiency, but the fixed costs may not be reflected in the price for spot, or excess, power.

In the case of Peoples Gas System, costs for purchased gas and pipeline capacity are recovered through retail customers' bills, but increases in gas costs affect total retail prices and therefore the competitive position of Peoples Gas System relative to electricity, other forms of energy and other gas suppliers.

We rely on some transmission and distribution assets that we do not own or control to deliver wholesale electricity, as well as natural gas. If transmission is disrupted, or if capacity is inadequate, our ability to sell and deliver power and natural gas may be hindered.

We depend on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver the electricity and natural gas we sell to the wholesale market, as well as the natural gas we sell and purchase for use in our electric generation facilities. If transmission is disrupted, or if capacity is inadequate, our ability to sell and deliver products and satisfy our contractual and service obligations may be hindered.

The FERC has issued regulations that require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, there is the potential that fair and equal access to transmission systems will not be available or that sufficient transmission capacity will not be available to transmit electric power as we desire. We cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets.

In addition, the independent system operators that oversee the transmission systems in certain wholesale power markets have from time to time been authorized to impose price limitations and other mechanisms to address volatility in the power markets. These types of price limitations and other mechanisms may adversely impact the profitability of our wholesale power marketing business.

The uncertain outcome regarding the creation of regional transmission organizations, or RTOs, may impact our operations, cash flows or financial condition.

Although Tampa Electric Company continues to make progress towards the development of its RTO, GridFlorida, which would independently control the transmission assets of participating utilities in peninsular Florida, progress has slowed considerably. Given the regulatory uncertainty of the ultimate timing, structure and operations of GridFlorida or an alternate combined transmission structure, we cannot predict what effect its creation will have on our future consolidated results of operations, cash flow or financial condition.

Problems with operations could cause us to incur substantial costs.

Each of our subsidiaries is subject to various operational risks, including accidents or equipment breakdown or failure and operations below expected levels of performance or efficiency. As operators of power generation facilities, Tampa Electric and TECO Power Services could incur problems such as the breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes which would result in performance below assumed levels of output or efficiency. Our outlook assumes normal operations and normal maintenance periods for our subsidiaries' facilities.

The international projects and operations of TECO Power Services and TECO Transport are subject to risks that could result in losses or increased costs.

TECO Power Services is involved in international projects in Guatemala. These projects involve numerous risks that are not present in domestic projects, including expropriation, political instability, currency exchange rate fluctuations, repatriation restrictions, and regulatory and legal uncertainties. TECO Power Services attempts to manage these risks through a variety of risk mitigation measures, including specific contractual provisions, teaming with strong local partners, obtaining non-recourse financing and obtaining political risk insurance where appropriate.

TECO Transport is exposed to operational risks in international ports, primarily in the form of its need to obtain suitable labor and equipment to safely discharge its cargoes in a timely manner. TECO Transport attempts to manage these risks through a variety of risk mitigation measures, including retaining agents with local knowledge and experience in successfully discharging cargoes and vessels similar to those used.

Changes in the environmental laws and regulations to which our regulated businesses are subject could increase our costs or curtail our activities.

Our businesses are subject to regulation by various governmental authorities dealing with air, water and other environmental matters. Changes in compliance requirements or the interpretation by governmental authorities of existing requirements may impose additional costs on us or require us to curtail some of our businesses' activities.