

TECO ENERGY, INC.

Audit Committee Charter

Purpose

The principal purpose of the Audit Committee is to assist the Board of Directors in overseeing (1) the integrity of the financial statements of the Company, (2) the annual independent audit process, (3) the Company's systems of disclosure controls and procedures and internal accounting and financial controls, (4) the qualifications, independence and performance of the Company's independent auditor, (5) the performance of the Company's internal audit department, (6) the Company's compliance with legal and regulatory requirements, (7) the Company's policies and procedures for risk assessment and risk management, and (8) the Company's ethics policy. The Committee shall regularly report to the Board.

In discharging its oversight role, the Committee is granted the power to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain independent counsel, auditors or other advisors, as it determines necessary to carry out its duties. The independent auditor and the head of the internal audit department shall have direct access to the Committee at all times. The Committee may invite any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with members and consultants of the Committee.

This Charter shall be reviewed for adequacy on an annual basis by the Committee and, to the extent necessary, the Board.

Membership

The Committee shall be comprised of not less than three members of the Board, who shall be appointed by the Board, and the Committee's composition shall meet the independence, experience and expertise requirements of the New York Stock Exchange listing standards, and federal laws and regulations, with respect to audit committees, as well as the requirements of the Company's Corporate Governance Guidelines. Accordingly, all of the members shall be directors:

- Who have no relationship to the Company that may interfere with the exercise of their independence from management and the Company;
- Who are financially literate, or who will become financially literate within a reasonable period of time after his or her appointment to the Committee;
- Who do not receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company, other than in the member's capacity as a member of the Board or any of its committees; and

- Who are not an “affiliated person” (as defined by applicable law or regulation) of the Company or any subsidiary, other than as a member of the Board or any of its committees.

In addition, at least one member of the Committee shall have sufficient accounting or related financial management expertise to comply with the New York Stock Exchange requirements, and, unless otherwise determined by the Board and disclosed by the Company, shall be an “audit committee financial expert,” as defined by the Securities and Exchange Commission.

The members of the Committee, including its chairman, shall be appointed and may be removed by the Board. The Committee chairman shall preside at each meeting and, in consultation with the other members of the Committee, shall set the timing of meetings and the agenda of items to be addressed. A majority of the members shall constitute a quorum, and a majority may appoint a chairman pro tempore to serve in the absence of the chairman.

Key Responsibilities

The Committee, as a committee of the Board, shall be directly and solely responsible for the appointment (and where appropriate, replacement), compensation and oversight of the work of the independent auditor in preparing or issuing an audit report or related work, including resolving any disagreements between management and the independent auditor regarding financial reporting. The Committee shall receive reports directly from the independent auditor. The Committee shall be responsible for overseeing the independence of the independent auditor and for pre-approving all audit and permitted non-audit services provided by the independent auditor.

In carrying out its oversight role, the Committee shall perform the following functions, which are set forth as a guide and may be varied from time to time as appropriate under the circumstances.

1. The Committee shall obtain and review at least annually a formal written statement from the independent auditor delineating all relationships between the auditor and the Company consistent with Independence Standards Board Standard No. 1 and such other requirements as may be established by the Public Company Accounting Oversight Board, discuss with the auditor any such disclosed relationships and their impact on the auditor’s independence, and take appropriate action in response to the auditor’s report to satisfy itself of the auditor’s independence. Annually the Committee will review the qualifications and performance of the Company’s current independent auditor and select the independent auditor for the next year.
2. The Committee shall obtain and review at least annually a formal written report from the independent auditor describing the auditing firm’s internal quality control procedures and any material issues raised within the preceding five years by the auditing firm’s internal quality control reviews, by peer reviews of the firm, or by a governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee shall also review steps taken by the independent auditor to address any findings in any of the foregoing reviews.
3. The Committee shall review, prior to the independent auditor's annual audit, the scope of the audit and the plans for and staffing of the audit. The Committee shall approve in

advance all audit engagement fees and the terms of all audit and non-audit services to be provided by the independent auditor.

4. The Committee shall, prior to the filing of each Form 10-Q with the Securities and Exchange Commission, meet to review and discuss with management and the independent auditor the Company's interim financial information, including reviewing the Company's specific disclosures in MD&A, to be included in the Company's Quarterly Reports and discuss with the independent auditor any of the matters required to be discussed by Statement on Auditing Standards No. 100, including any significant events, transactions or changes in accounting estimates considered by the auditor in connection with its interim financial review.
5. The Committee shall review and discuss in advance with management the Company's quarterly earnings press releases. With respect to general financial information and earnings guidance, the Committee shall periodically discuss with management generally the types of information to be disclosed and the types of presentations to be made.
6. The Committee shall meet to review and discuss with management and the independent auditor the audited financial statements to be included in the Company's Annual Report on Form 10-K and the Annual Report to Shareholders, including reviewing the Company's specific disclosures in MD&A, and shall discuss with the independent auditor, on an annual basis, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended.
7. The Committee shall receive from the independent auditor timely reports with respect to the quality, as well as acceptability, of the Company's critical accounting policies, procedures, and practices; the alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, as well as the effect of regulatory and accounting initiatives on the financial statements; the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and other material communications between the independent auditor and management, such as a management letter and schedule of unadjusted differences, if any.
8. The Committee shall periodically discuss with the independent auditor whether all material correcting adjustments identified by the independent auditor in accordance with generally accepted accounting principles and the rules of the Securities and Exchange Commission are reflected in the Company's financial statements.
9. The Committee shall periodically discuss with management and the independent auditor the quality, adequacy, and appropriateness of the Company's disclosure controls and procedures, internal controls for financial reporting, and internal auditing procedures.
10. The Committee shall review with management and the independent auditor any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other parties that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses.
11. The Committee shall recommend to the Board whether, based on the reviews and discussions referred to above, the financial statements should be included in the Company's Annual Report on Form 10-K.

12. The Committee shall review and discuss with management the Company's enterprise-wide risk assessment and risk management policies, including the Company's major strategic, financial and accounting risk exposures and the steps management has taken to monitor and control such exposures.
13. The Committee shall periodically discuss with the head of the internal audit department and the corporate compliance officer the Company's compliance with its established codes of conduct and legal requirements.
14. The Committee shall consider issues that the general counsel or others may raise regarding legal matters that may have a material impact on the financial statements, the Company's compliance policies and any significant reports or inquiries received from regulators or government agencies.
15. The Committee shall at least annually discuss with management, and the independent auditor if appropriate, the staffing, budget, responsibilities, and general effectiveness of the internal audit department. The Committee shall review and approve the annual internal audit plan, review the results of all internal audits, and receive periodic updates on the status of corrective action taken by management. The Committee shall monitor management's appointment or dismissal of the head of the internal audit department.
16. The Committee shall meet periodically with management, the head of the internal audit department and the independent auditor in separate executive sessions.
17. The Committee shall provide the report required by the Securities and Exchange Commission to be included in the annual proxy statement.
18. The Committee shall set clear hiring policies with regard to employees and former employees of the independent auditor that comply with applicable laws, rules and regulations.
19. The Committee shall annually review its own performance.
20. The Committee may form and delegate authority to subcommittees when appropriate. Specifically, the Committee may delegate authority to pre-approve audit and non-audit services to be performed by the independent auditor to one or more members of the Committee. Each such pre-approval decision shall be presented to the full Committee at its next scheduled meeting.

The Committee's role is one of oversight, and it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. The preparation of the Company's financial statements is the responsibility of management, and the auditing of those financial statements is the responsibility of the independent auditor.

Complaint Procedures

Any issue of significant financial misconduct shall be brought to the attention of the Committee for its consideration. In this connection, the Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.