

TECO ENERGY, INC.

Compensation Committee Charter

Purpose

The principal purpose of the Compensation Committee is to assist the Board of Directors in fulfilling its responsibilities relating to compensation of the Company's senior officers. The Committee shall have such authority as may be delegated by the Board from time to time under this charter or by separate action. The Committee shall regularly report to the Board.

In discharging its responsibilities, the Committee may request that any director, officer or employee of the Company attend any meeting of the Committee to provide such pertinent information as the Committee may request. The Committee shall also have authority to retain such independent advisors as it deems necessary and appropriate.

This charter shall be reviewed for adequacy on an annual basis by the Committee, and any proposed changes shall be recommended to the Board.

Membership

The Committee shall be comprised of not less than three members of the Board, each of whom shall meet the independence and other requirements of the New York Stock Exchange listing standards, as well as the requirements of the Company's Corporate Governance Guidelines. Accordingly, each of the members shall have no relationship with the Company that would impair their independent judgment.

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

In carrying out its purpose, 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 or as requested by the Board.

1. The Committee shall annually review and approve the corporate goals and objectives relevant to the compensation of the CEO, and evaluate the CEO's performance in light of those goals and objectives. The Committee shall have sole authority to determine the CEO's compensation level based on this evaluation.

2. In determining the long-term incentive component of the CEO's compensation, the Committee shall also consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO by the Company in past years.
3. The Committee shall periodically review director compensation and work with an outside compensation consulting firm to recommend to the Board a compensation program that complies with the director compensation policy recommended by the Governance and Nominating Committee.
4. The Committee shall review and recommend to the Board for approval, with respect to the CEO and senior officers, any proposed employment agreements, severance arrangements, and change in control agreements/provisions, as well as any special or supplemental benefits that are not offered as part of a broad-based plan.
5. The Committee shall make recommendations to the Board with respect to non-CEO executive compensation and incentive-compensation plans. The Committee shall have exclusive authority with respect to awards to officers and employees under the Company's equity incentive plan, subject to delegations of authority permitted by such plan.
6. The Committee shall review and discuss with management the Company's Compensation Discussion and Analysis to be included in the Company's proxy statement and determine whether to recommend to the Board such inclusion. The Committee shall produce a Compensation Committee Report for inclusion in the Company's proxy statement, in accordance with the applicable rules and regulations.
7. The Committee shall have exclusive authority to retain and terminate any compensation consulting firm to be used to assist in the evaluation of director, CEO, or senior officer compensation and to approve the consulting firm's fees and other retention terms.
8. The Committee shall annually review its own performance.
9. The Committee may form and delegate authority to subcommittees when appropriate.