

Our Culture

OUR PURPOSE

A commitment to inspiring trust, achieving excellence, providing environmental leadership and rising to any challenge we face, which will benefit our customers, team members and shareholders, and the communities we serve.

OUR VISION

A company where people want to work, an organization that is an asset to the community and a business in which investors want to invest.

OUR VALUES

Safety

- *We emphasize a safe work environment and a culture of looking out for the safety and well-being of each other, our customers and our community.*
- *We believe the safety of life outweighs all other considerations.*

Integrity

- *We hold ourselves to the highest ethical behavior in all of our business activities, including legal, regulatory, financial, operational and environmental matters.*
- *We honor our commitments.*

Respect for Others

- *We value differences, development, teamwork, open communications and continuous learning.*
- *We treat all stakeholders, customers, team members, business partners and investors fairly.*
- *We communicate openly and in a timely way with all stakeholders.*

Achievement With a Sense of Urgency

- *We work, as a team, with speed, sound judgment and diligence toward common goals.*
- *We support the business strategy and accept ownership and personal responsibility for our actions.*

Customer Service

- *We realize customers are why our organization exists.*
- *We treat them fairly and provide high-quality services.*

The company also maintains a bibliography of materials, information and publications on compliance methods, industry standards and subject matter material.

Reporting Mechanisms

TECO Energy has established several reporting systems to allow team members, officers, directors, stakeholders and customers to make ethics and compliance inquiries or reports, remaining anonymous if desired. They include the following:

1) *Hot Line.* A Hot Line has been established in the Corporate Compliance and Ethics Department, allowing all team members in every subsidiary to make inquiries on ethical or other matters and to report violations. This Hot Line is also available to customers, shareholders and the general public. Callers have the option to remain anonymous when making reports, and all questions and incident reports receive prompt and confidential attention. The number is posted on the TECO Energy Web site, and is divided into six subject areas: environmental and reporting issues; improper use of company equipment and/or information; safety and alcohol and drug usage issues; procurement issues; human resources issues; and other issues.

2) *Online Reporting.* An online reporting mechanism is also available for inquiries and reports. The Corporate Compliance and Ethics Web site can be accessed either through the company intranet available to all team members or through the Internet by accessing the TECO Energy Web site. The on-line system uses the same six subject areas as the Hot Line, as well as categories for audit and accounting issues; regulatory standards of conduct issues; and environmental and permitting issues.

All team members are encouraged to discuss concerns or violations with their immediate supervisors, to their respective vice presidents or to the Corporate Compliance Officer without fear of retribution through a problem resolution process.

The process is available for reporting problems or asking questions on work-related issues. In addition, TECO Energy has an open-door procedure for all team members to receive a fair and impartial hearing regarding treatment in accordance with established corporate policy.

This policy does not replace any collective bargaining grievance process, but is offered as an alternative method to all team members to solve work-related problems.

All information or a message received through any of the reporting mechanisms is held in strictest confidence.

The company has no legal actions against it for anti-competitive behavior, anti-trust or monopoly practices and no significant fines for non-compliance with laws and regulations.



TECO Energy rang the closing bell at the New York Stock Exchange on April 11, 2006.

Governance

We are governed by a Board of Directors elected by the shareholders to oversee the management and operation of the business. The members of TECO Energy's Board are:

Sherrill W. Hudson, Chairman of the Board and Chief Executive Officer, TECO Energy, Inc.; former Managing Partner for South Florida, Deloitte & Touche, LLP, Miami, Florida

DuBose Ausley, Attorney and former Chairman, Ausley & McMullen, P.A.

Sara L. Baldwin, Private investor (retired May 2, 2007)

James L. Ferman, Jr., President, Ferman Motor Car Company, Inc.

Luis Guinot, Jr., Attorney and former partner, Shapiro, Sher, Guinot & Sandler, P.A.

Joseph P. Lacher, former Chairman, Great Florida Bank, and former President of Florida Operations for BellSouth Telecommunications

Loretta A. Penn, Vice President, Spherion Corp.

Tom Rankin, independent investment manager; former CEO of Lykes Energy, Inc.

William D. Rockford, former President, Primary Energy Ventures, LLC, former Managing Director, Chase Securities, Inc.

William P. Sovey, former Chairman of the Board and former CEO, Newell Rubbermaid, Inc.

J. Thomas Touchton, President, The Witt-Touchton Company, LLC

Paul Whiting, President, Seabreeze Holdings, Inc.; Chairman of the Board, Sykes Enterprises, Inc.

The Board selects senior management, provides guidance and advice to management and ultimately monitors management's performance. More specifically, the Board, among other things, reviews with management and approves business and financial strategies and other major corporate actions. The Board assesses the major risks facing our business and monitors the management of those risks.

The Board has adopted Corporate Governance Guidelines, which require that the Board be comprised of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange and applicable law.

Currently, ten of our 12 directors are independent, as defined by those standards. Only one of these directors is a member of management, Chairman of the Board and CEO Sherrill W. Hudson. The Board has no mandatory policy with respect to separation of the offices of Chairman and the Chief Executive Officer. The Board believes that this is part of the succession planning process and is best addressed by the Board when electing a new Chief Executive Officer.

Committees of the Board

The Board has standing Audit, Compensation, Finance, and Governance and Nominating Committees. The Audit, Compensation and Governance and Nominating Committees are comprised exclusively of independent directors as defined by the listing standards of the New York Stock Exchange.

The full Board receives information regarding social issues, such as the company's contributions to charitable organizations, and issues affecting its employees and the community.

Board Diversity and Qualifications

The Governance and Nominating Committee assists the Board with respect to corporate governance matters, including the composition and functioning of the Board. The Governance and Nominating Committee's process for evaluating nominees for director, including nominees recommended by shareholders, is to consider an individual's character and professional ethics, judgment, business and financial experience, expertise and acumen, familiarity with issues affecting business, and other relevant criteria,

including the diversity, age, skills and experience of the Board of Directors as a whole.

In February 2007, TECO Energy was recognized by the Women Executive Leadership group as a Florida company with more than one female on its board of directors.

Board Operations

The Audit Committee assists the Board of Directors in overseeing the Company's policies and procedures for risk assessment and risk management, including an enterprisewide risk assessment conducted on an annual basis. The Audit Committee also reviews transactions with related persons for potential conflicts of interest, and receives regular reports on environmental matters.

The Finance Committee has responsibility for assisting the Board in formulating strategic financial policies and evaluating significant investments and other financial commitments.

The Board and its committees undergo a self-evaluation process on an annual basis in order to assess and discuss its processes and performance.

Communication with the Board and Shareholder Proposals

The Board provides a process by which shareholders and interested parties may communicate with its members, described in the **Corporate Governance** section of the Investors page of our Web site, tecoenergy.com. Any shareholder or interested party wishing to contact our Board, or any of the non-management directors separately, may do so by U.S. mail or e-mail through the **Corporate Governance** section of the Investors page on our Web site.

In order for shareholder proposals to be considered for inclusion in our proxy materials relating to the annual meeting of shareholders, they must be submitted in accordance with applicable Securities and Exchange Commission rules. These proposals must be received in order for inclusion in the proxy materials on a schedule set forth every year in our proxy statement.

Additional information regarding shareholder communications is contained in the proxy statement.

Compensation

TECO Energy's Board links the compensation of management with its performance by paying incentives based on achievement of corporate and individual performance goals and by tying a meaningful percentage of executive compensation to equity-based compensation, which serves to align management's interests with our shareholders'.

Non-financial goals measure items such as compliance, safety and leadership, both within the company and the community. A portion of our directors' compensation is tied to our long-term success through the use of annual restricted stock grants.

Legislative and Regulatory Activities: Federal



Governance continued

TECO Energy has offices in Washington, D.C., to represent the company's interests at the congressional and federal executive branch levels. The office is located at 1301 Pennsylvania Avenue, Suite 1030, Washington, DC.

The Federal Affairs group identifies and analyzes federal legislative and administrative policy initiatives that impact the company, its subsidiaries and its customers. Working with the company, the team develops communications with federal and executive decision-makers.

Primary areas of activity include energy, environment, taxes and human resources, as well as maritime and agriculture issues related to TECO Transport and mine safety and general mining issues related to TECO Coal.

TECO Energy's federal presence also includes the use of outside consulting firms that assist in representing the company.

Legislative and Regulatory Activities: State and Local

TECO also maintains a governmental affairs office in Tallahassee, Fla., to represent customer and company interests in the state legislative and executive branches, including the Florida Public Service Commission. The company monitors public policy issues that could affect the quality or cost of service to Tampa Electric and Peoples Gas customers. Examples include basic economic regulatory policies; fuel and technology options; alternative and renewable energy sources; environmental policies and regulations; and state tax policy.

At times, the company provides written analysis and recommendations to the legislature and executive branch agencies.

TECO Energy's Tallahassee office is located at 106 E. College Avenue in Tallahassee.

TECO Energy's Tallahassee presence also includes the use of outside consulting firms that assist in representing the company.

The company also maintains a staff of community relations professionals throughout

Florida. These individuals work with local governments and neighborhood associations.

TECO Energy's Political Action Committees

TECO Energy has two administrative and management employee-driven political action committees: TEPAC Federal and TEPAC Florida. The bylaws for both provide for a Board of Directors comprised of no more than 15 members. Board members are elected by the membership (all contributors to the political action committee) and serve three-year terms.

The Board is led by an executive committee comprised of a president, vice president, treasurer, deputy treasurer and secretary. The executive committee is elected by the Board of Directors.

There are currently 14 members on the Board.

TEPAC Federal received \$97,268 in 2006, all contributed by TECO Energy team members. In 2006, TEPAC Federal contributed \$102,500 to federal candidates and other political committees. TEPAC Florida received \$14,473 in 2006.