



DECEMBER 2008

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

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

(millions except share data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Revenues				
Regulated electric and gas	\$625.9	\$666.3	\$2,778.2	\$2,786.3
Unregulated	144.4	192.0	597.1	749.8
Total revenues	770.3	858.3	3,375.3	3,536.1
Expenses				
Regulated operations				
Fuel	215.9	207.2	819.4	854.7
Purchased power	42.6	64.3	305.4	271.9
Cost of natural gas sold	88.9	90.5	476.6	389.9
Other	61.6	79.2	277.7	280.4
Operation other expense				
Mining related costs	107.7	120.6	440.6	435.4
Waterborne transportation costs	0.0	42.4	0.0	206.4
Other	4.3	5.4	18.2	16.6
Maintenance	40.9	46.0	173.9	183.5
Depreciation and amortization	69.5	65.5	266.1	263.7
Gain on sale, net of transaction related costs	0.0	(242.5)	0.9	(221.3)
Taxes, other than income	50.4	50.9	211.5	218.3
Total expenses	681.8	529.5	2,990.3	2,899.5
Income from operations	88.5	328.8	385.0	636.6
Other income (expense)				
Allowance for other funds used during construction	2.0	1.0	6.3	4.5
Other income	4.3	12.0	21.5	112.0
Loss on debt exchange / extinguishment	0.0	(32.9)	0.0	(32.9)
Income from equity investments	15.4	18.0	72.9	68.5
Total other income	21.7	(1.9)	100.7	152.1
Interest charges				
Interest expense	58.6	61.4	231.3	259.5
Allowance for borrowed funds used during construction	(0.7)	(0.3)	(2.4)	(1.7)
Total interest charges	57.9	61.1	228.9	257.8
Income before provision for income taxes	52.3	265.8	256.8	530.9
Provision for income taxes	30.3	109.5	94.4	214.2
Income from Continuing Operations before minority interest	22.0	156.3	162.4	316.7
Minority Interest	0.0	17.6	0.0	82.2
Income from Continuing Operations	22.0	173.9	162.4	398.9
Discontinued operations				
Income from discontinued operations	0.0	0.0	0.0	0.0
Income tax provision (benefit)	0.0	0.0	0.0	(14.3)
Total discontinued operations	0.0	0.0	0.0	14.3
Net income	\$22.0	\$173.9	\$162.4	\$413.2
Average common shares outstanding - basic (millions)				
	211.3	209.4	210.6	209.1
Average common shares outstanding - diluted (millions)				
	211.8	210.4	211.4	209.9
Earnings per average common share outstanding:				
Earnings per share from continuing operations -- basic	0.10	0.83	0.77	1.91
Earnings per share from continuing operations -- diluted	0.10	0.83	0.77	1.90
Earnings per share -- basic	0.10	0.83	0.77	1.98
Earnings per share -- diluted	0.10	0.83	0.77	1.97

TECO ENERGY, Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

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

(millions)	Dec-31-2008	Dec-31-2007
Assets		
Current assets		
Cash and cash equivalents	\$12.2	\$162.6
Short-term investments	2.4	0.0
Receivables	285.9	295.9
Crude oil options receivable, net	0.0	78.5
Inventories at average cost		
Fuel	90.2	85.8
Materials and supplies	72.8	68.2
Current derivative assets	0.0	0.3
Income tax receivables	3.5	0.7
Prepayments and other current assets	25.8	23.0
Current regulatory assets	272.6	67.4
Total current assets	765.4	782.4
Property, plant and equipment		
Utility plant in service		
Electric	5,528.3	5,275.2
Gas	964.4	917.4
Construction work in progress	463.5	364.8
Other property	354.8	336.4
Property plant and equipment at original cost	7,311.0	6,893.8
Accumulated depreciation	(2,089.7)	(2,005.6)
Total property, plant and equipment, net	5,221.3	4,888.2
Other assets		
Deferred income taxes	333.8	424.9
Other investments	21.3	22.9
Long-term regulatory assets	325.3	186.8
Investment in unconsolidated affiliates	284.0	275.5
Goodwill	59.4	59.4
Long-term derivative assets	0.1	1.9
Deferred charges and other assets	136.8	123.2
Total other assets	1,160.7	1,094.6
Total assets	\$7,147.4	\$6,765.2
Liabilities and capital		
Current liabilities		
Long-term debt due within one year		
Recourse	\$5.5	\$5.7
Non-recourse	1.4	1.4
Notes payable	93.0	25.0
Accounts payable	304.4	302.1
Other current liabilities	15.3	18.0
Customer deposits	144.6	138.1
Current derivative liabilities	132.1	26.0
Interest accrued	45.1	32.7
Taxes accrued	21.2	33.2
Current regulatory liabilities	21.7	35.4
Total current liabilities	784.3	617.6
Other liabilities		
Investment tax credits	11.2	12.2
Long-term regulatory liabilities	588.2	582.7
Long-term derivative liabilities	19.4	0.1
Deferred credits and other liabilities	530.0	377.2
Long-term debt, less amount due within one year		
Recourse	3,199.0	3,149.4
Non-recourse	7.6	9.0
Total other liabilities	4,355.4	4,130.6
Total Liabilities	5,139.7	4,748.2
Capital		
Common equity	212.9	210.9
Additional paid in capital	1,518.2	1,489.2
Retained earnings	322.6	334.1
Accumulated other comprehensive loss	(46.0)	(17.2)
Total capital	2,007.7	2,017.0
Total liabilities and capital	\$7,147.4	\$6,765.2
Book Value Per Share	\$9.43	\$9.57

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

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

(millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Cash flows from operating activities				
Net income	\$22.0	\$173.9	\$162.4	\$413.2
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	69.5	65.5	266.1	263.7
Deferred income taxes	25.9	94.2	95.4	184.8
Investment tax credits, net	0.0	(0.6)	(1.0)	(2.5)
Allowance for other funds used during construction	(2.0)	(1.0)	(6.3)	(4.5)
Non-cash stock compensation	1.8	1.7	9.7	11.6
Gain on sales of business / assets, pretax	(0.3)	(218.9)	(1.7)	(246.1)
Noncash debt extinguishment / exchange, pretax	0.0	2.6	0.0	2.6
Equity in earnings of unconsolidated affiliates, net of cash distributions on earnings	2.5	(10.7)	(22.8)	(18.0)
Minority interest	0.0	(17.6)	0.0	(82.2)
Derivatives marked to market	0.0	(34.0)	0.0	(82.7)
Deferred recovery clause	1.3	45.6	(115.8)	123.7
Receivables, less allowance for uncollectibles	54.6	90.2	10.0	8.7
Inventories	0.2	24.3	(9.0)	(9.6)
Prepayments and other current assets	0.4	2.8	(2.8)	3.2
Taxes accrued	(38.4)	(27.0)	(14.8)	26.6
Interest accrued	(35.0)	(50.1)	12.4	(17.8)
Accounts payable	(20.6)	12.5	(8.3)	(29.6)
Other	(19.8)	(13.6)	14.3	8.9
	62.1	139.8	387.8	554.0
Cash flows from investing activities				
Capital expenditures	(187.0)	(134.8)	(589.5)	(494.4)
Allowance for other funds used during construction	2.0	1.0	6.3	4.5
Net proceeds from sale of business / assets	4.3	344.4	0.6	405.2
Restricted cash	0.0	30.0	(0.1)	29.9
Distributions from unconsolidated affiliates	0.0	0.7	13.2	27.5
Other investments	(0.1)	27.3	76.1	(0.4)
	(180.8)	268.6	(493.4)	(27.7)
Cash flows from financing activities				
Dividends	(42.5)	(41.1)	(168.6)	(163.0)
Proceeds from sale of common stock	0.9	4.2	21.8	14.0
Proceeds from long-term debt	0.0	0.0	327.8	444.1
Repayment of long-term debt / Purchase in lieu of redemption	0.0	(297.2)	(293.8)	(1,137.5)
Debt exchange premiums	0.0	(21.2)	0.0	(21.2)
Minority interest	0.0	21.4	0.0	81.3
Net increase (decrease) in short-term debt	80.0	(48.0)	68.0	(23.0)
	38.4	(381.9)	(44.8)	(805.3)
Net increase (decrease) in cash and cash equivalents	(80.3)	26.5	(150.4)	(279.0)
Cash and cash equivalents at beginning of period	92.5	136.1	162.6	441.6
Cash and cash equivalents at end of period	\$12.2	\$162.6	\$12.2	\$162.6

TECO ENERGY, Inc.

SEGMENT INFORMATION (Unaudited)

<i>(millions)</i>		Tampa	Peoples	TECO	TECO	TECO	Other &	TECO
		Electric	Gas	Coal	Guatemala	Transport	Eliminations	Energy
Three months ended Dec. 31,								
2008	Revenues - outsiders	\$ 481.4	\$ 144.5	\$ 142.1	\$ 2.3	\$ -	\$ -	\$ 770.3
	Sales to affiliates	0.4	-	-	-	-	(0.4)	-
	Total revenues	481.8	144.5	142.1	2.3	-	(0.4)	770.3
	Equity Earnings in Unconsolidated Affiliates	-	-	-	15.0	-	0.4	15.4
	Depreciation	48.8	10.7	9.8	0.2	-	-	69.5
	Total interest charges ⁽¹⁾	28.7	4.7	1.9	4.0	-	18.6	57.9
	Allocated interest expense (income) included above ⁽¹⁾	-	-	1.5	3.9	-	(5.4)	-
	Provision (Benefit) for income taxes	16.7	5.9	(0.2)	8.7	-	(0.8) ⁽⁷⁾	30.3
	Net income (loss) from continuing operations	\$ 28.9 ⁽⁵⁾	\$ 9.2	\$ 2.6	\$ (0.2) ⁽⁶⁾	\$ -	\$ (18.5) ⁽³⁾	\$ 22.0
2007	Revenues - outsiders	\$ 524.5	\$ 141.8	\$ 147.8	\$ 2.1	\$ 42.1	\$ -	\$ 858.3
	Sales to affiliates	0.4	-	-	-	17.1	(17.5)	-
	Total revenues	524.9	141.8	147.8	2.1	59.2	(17.5)	858.3
	Equity Earnings in Unconsolidated Affiliates	-	-	-	18.0	-	-	18.0
	Depreciation	45.4	10.2	9.6	0.2	-	0.1	65.5
	Total interest charges ⁽¹⁾	28.1	4.3	3.2	3.9	0.9	20.7	61.1
	Allocated interest expense (income) included above ⁽¹⁾	-	-	2.9	3.9	0.9	(7.7)	-
	Provision (Benefit) for income taxes	16.2	3.6	9.1	2.7	2.3	75.6	109.5
	Net income (loss) from continuing operations	\$ 29.0	\$ 6.3	\$ 7.2	\$ 11.4	\$ 7.0 ⁽²⁾	\$ 113.0 ⁽³⁾⁽⁴⁾	\$ 173.9
Twelve months ended Dec. 31,								
2008	Revenues - outsiders	\$ 2,089.8	\$ 688.4	\$ 588.4	\$ 8.4	\$ -	\$ 0.3	\$ 3,375.3
	Sales to affiliates	1.4	-	-	-	-	(1.4)	-
	Total revenues	2,091.2	688.4	588.4	8.4	-	(1.1)	3,375.3
	Equity Earnings in Unconsolidated Affiliates	-	-	-	72.5	-	0.4	72.9
	Depreciation	185.6	41.9	37.6	0.8	-	0.2	266.1
	Total interest charges ⁽¹⁾	114.7	18.2	8.1	15.4	-	72.5	228.9
	Allocated interest expense (income) included above ⁽¹⁾	-	-	6.7	15.1	-	(21.8)	-
	Provision (Benefit) for income taxes	81.9	17.3	2.3	14.8	-	(21.9) ⁽⁷⁾	94.4
	Net income (loss) from continuing operations	\$ 135.6 ⁽⁵⁾	\$ 27.1	\$ 18.0	\$ 36.9 ⁽⁶⁾	\$ -	\$ (55.2) ⁽³⁾	\$ 162.4
2007	Revenues - outsiders	\$ 2,186.6	\$ 599.7	\$ 544.5	\$ 8.0	\$ 197.1	\$ 0.2	\$ 3,536.1
	Sales to affiliates	1.8	-	-	-	93.2	(95.0)	-
	Total revenues	2,188.4	599.7	544.5	8.0	290.3	(94.8)	3,536.1
	Equity Earnings in Unconsolidated Affiliates	-	-	-	68.5	-	-	68.5
	Depreciation	178.6	40.1	38.4	0.5	5.6	0.5	263.7
	Total interest charges ⁽¹⁾	112.2	17.1	12.5	15.2	4.8	96.0	257.8
	Allocated interest expense (income) included above ⁽¹⁾	-	-	11.6	14.9	0.8	(27.3)	-
	Provision (Benefit) for income taxes	85.2	16.4	46.3	7.8	13.5	45.0	214.2
	Net income (loss) from continuing operations	\$ 150.3	\$ 26.5	\$ 90.9	\$ 44.7	\$ 34.0 ⁽²⁾	\$ 52.5 ⁽³⁾⁽⁴⁾	\$ 398.9

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Internally allocated costs were at pretax rates of 7.15% for Sep. through Dec. 2008, 7.25% for Jan. through Aug. 2008, and 7.5% for 2007 and 2006. Rates were based on the average of each subsidiary's equity and indebtedness to TECO Energy assuming a 50/50 debt/equity capital structure. Internally allocated interest charges are a component of total interest charges.

(2) Beginning Apr. 1, 2007, no depreciation expense was recognized for TECO Transport as a result of the assets being classified as "held for sale". Depreciation expense for the second, third and fourth quarters of 2007 would have been \$3.6, \$3.6 and \$2.5 million, respectively.

(3) Results for the 12 months ended Dec. 31, 2008 include \$0.6 million in after-tax transaction costs related to the sale of TECO Transport. Additionally, a \$3.2 million tax benefit was booked in the fourth quarter of 2008. Results for the 12 months ended Dec. 31, 2007 include \$16.4 million of these costs (\$1.8 in the first quarter, \$8.3 in the second quarter, \$3.0 in the third quarter and \$3.3 in the fourth quarter of 2007).

(4) Results for the three and 12 months ended Dec. 31, 2007 include the \$149.5 million gain on the sale of TECO Transport and \$20.2 million of debt extinguishment costs.

(5) Results include a \$1.9-million after-tax charge related to a settlement in the fourth quarter of 2008 with the Florida Public Service Commission Staff of issues involving waterborne coal transportation services provided by a former affiliate company (TECO Transport).

(6) Results include \$9.6 million in taxes related to the repatriated cash and investments from Guatemala in the fourth quarter of 2008.

(7) Results include \$12.0 million in consolidated income taxes related to the cash and investments repatriated from Guatemala in the fourth quarter of 2008.

TAMPA ELECTRIC COMPANY
ELECTRIC OPERATING STATISTICS (Unaudited)

Three Months Ended December 31,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 228,170	\$ 236,258	(3.4)	1,976,135	2,048,032	(3.5)
Commercial	153,337	162,010	(5.4)	1,525,119	1,614,993	(5.6)
Industrial -- Phosphate	18,652	18,566	0.5	276,010	267,364	3.2
Industrial -- Other	25,414	28,746	(11.6)	278,670	317,970	(12.4)
Other sales of electricity	46,915	46,578	0.7	462,489	458,808	0.8
	472,488	492,158	(4.0)	4,518,423	4,707,167	(4.0)
Deferred and other revenues	(23,788)	(29,024)	(18.0)	--	--	--
Sales for resale	16,169	17,135	(5.6)	222,777	234,570	(5.0)
Other operating revenue	11,690	10,245	14.1	--	--	--
SO ₂ Allowance Sales	5,200	34,416	(84.9)	--	--	--
	\$ 481,759	\$ 524,930	(8.2)	4,741,200	4,941,737	(4.1)
Average customers	666,343	668,089	(0.3)	--	--	--
Retail Net Energy For Load				4,536,131	4,753,981	(4.6)
Total Degree Days				662	818	(19.1)

Twelve Months Ended December 31,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 981,714	\$ 1,017,941	(3.6)	8,546,468	8,871,217	(3.7)
Commercial	638,971	653,625	(2.2)	6,398,719	6,541,525	(2.2)
Industrial -- Phosphate	66,064	72,983	(9.5)	969,135	1,049,870	(7.7)
Industrial -- Other	111,242	118,184	(5.9)	1,235,735	1,315,641	(6.1)
Other sales of electricity	185,718	178,353	4.1	1,839,548	1,754,500	4.8
	1,983,709	2,041,086	(2.8)	18,989,605	19,532,753	(2.8)
Deferred and other revenues	(18,293)	(51,737)	(64.6)	--	--	--
Sales for resale	69,684	68,992	1.0	883,971	905,140	(2.3)
Other operating revenue	44,347	38,993	13.7	--	--	--
SO ₂ Allowance Sales	11,795	91,098	(87.1)	--	--	--
	\$ 2,091,242	\$ 2,188,432	(4.4)	19,873,576	20,437,893	(2.8)
Average customers	667,266	666,354	0.1	--	--	--
Retail Net Energy For Load				19,898,785	20,448,443	(2.7)
Total Degree Days				3,923	4,254	(7.8)

* in thousands

PEOPLES GAS SYSTEM
GAS OPERATING STATISTICS (Unaudited)

Three Months Ended December 31,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<i>By Customer Segment:</i>						
Residential	\$ 42,922	\$ 31,591	35.9	21,048	16,521	27.4
Commercial	39,019	35,327	10.5	96,027	91,511	4.9
Industrial	1,898	2,334	(18.7)	44,988	44,329	1.5
Off System Sales	45,691	58,613	(22.0)	64,114	77,119	(16.9)
Power generation	2,639	3,436	(23.2)	81,641	116,733	(30.1)
Other revenues	10,253	8,714	17.7	-	-	--
	\$ 142,422	\$ 140,015	1.7	307,818	346,213	(11.1)
<i>By Sales Type:</i>						
System supply	\$ 110,356	\$ 108,900	1.3	100,300	108,341	(7.4)
Transportation	21,813	22,401	(2.6)	207,518	237,872	(12.8)
Other revenues	10,253	8,714	17.7	-	-	--
	\$ 142,422	\$ 140,015	1.7	307,818	346,213	(11.1)
Average customers	334,065	333,629	0.1	--	--	--

Twelve Months Ended December 31,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<i>By Customer Segment:</i>						
Residential	\$ 150,458	\$ 140,161	7.3	74,377	70,086	6.1
Commercial	155,554	158,391	(1.8)	375,882	370,940	1.3
Industrial	8,242	9,674	(14.8)	189,522	186,344	1.7
Off System Sales	317,501	232,791	36.4	323,783	303,487	6.7
Power generation	12,667	14,643	(13.5)	455,604	471,687	(3.4)
Other revenues	36,497	37,370	(2.3)	-	-	--
	\$ 680,919	\$ 593,030	14.8	1,419,168	1,402,544	1.2
<i>By Sales Type:</i>						
System supply	\$ 555,976	\$ 465,542	19.4	457,775	437,865	4.5
Transportation	88,446	90,118	(1.9)	961,393	964,679	(0.3)
Other revenues	36,497	37,370	(2.3)	-	-	--
	\$ 680,919	\$ 593,030	14.8	1,419,168	1,402,544	1.2
Average customers	335,137	334,343	0.2	--	--	--

* in thousands