



**MARCH 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 March 31,		Twelve Months Ended March 31,	
	2008	2007	2008	2007
<b>Revenues</b>				
Regulated electric and gas	<b>\$640.2</b>	\$640.6	<b>\$2,785.8</b>	\$2,658.4
Unregulated	<b>151.5</b>	180.7	<b>720.7</b>	774.6
Total revenues	<b>791.7</b>	821.3	<b>3,506.5</b>	3,433.0
<b>Expenses</b>				
Regulated operations				
Fuel	<b>163.6</b>	189.1	<b>829.3</b>	809.6
Purchased power	<b>81.9</b>	53.6	<b>300.2</b>	240.4
Cost of natural gas sold	<b>119.0</b>	107.7	<b>401.1</b>	350.2
Other	<b>71.3</b>	57.6	<b>294.2</b>	280.0
Operation other expense				
Mining related costs	<b>107.2</b>	94.5	<b>448.0</b>	436.2
Waterborne transportation costs	<b>0.0</b>	54.7	<b>151.7</b>	218.4
Other	<b>4.3</b>	3.5	<b>17.4</b>	15.3
Maintenance	<b>46.0</b>	49.0	<b>180.5</b>	187.4
Depreciation and amortization	<b>65.0</b>	71.6	<b>257.0</b>	283.5
Gain on sale, net of transaction related costs	<b>0.9</b>	2.8	<b>(223.2)</b>	2.8
Sale of previously impaired assets / Asset impairments	<b>0.0</b>	0.0	<b>0.0</b>	(20.7)
Taxes, other than income	<b>54.9</b>	58.8	<b>214.5</b>	219.5
Total expenses	<b>714.1</b>	742.9	<b>2,870.7</b>	3,022.6
<b>Income from operations</b>	<b>77.6</b>	78.4	<b>635.8</b>	410.4
<b>Other income (expense)</b>				
Allowance for other funds used during construction	<b>1.3</b>	1.7	<b>4.1</b>	4.3
Other income	<b>5.3</b>	51.9	<b>65.4</b>	122.3
Loss on debt exchange / extinguishment	<b>0.0</b>	0.0	<b>(32.9)</b>	(2.5)
Income from equity investments	<b>17.4</b>	16.2	<b>69.7</b>	60.5
Total other income	<b>24.0</b>	69.8	<b>106.3</b>	184.6
<b>Interest charges</b>				
Interest expense	<b>58.2</b>	67.8	<b>249.9</b>	278.1
Allowance for borrowed funds used during construction	<b>(0.5)</b>	(0.7)	<b>(1.5)</b>	(1.6)
Total interest charges	<b>57.7</b>	67.1	<b>248.4</b>	276.5
<b>Income before provision for income taxes</b>	<b>43.9</b>	81.1	<b>493.7</b>	318.5
Provision for income taxes	<b>13.1</b>	31.8	<b>195.5</b>	127.7
<b>Income from Continuing Operations before minority interest</b>	<b>30.8</b>	49.3	<b>298.2</b>	190.8
Minority Interest	<b>0.0</b>	23.5	<b>58.7</b>	71.2
<b>Income from Continuing Operations</b>	<b>30.8</b>	72.8	<b>356.9</b>	262.0
<b>Discontinued operations</b>				
Income from discontinued operations	<b>0.0</b>	0.0	<b>0.0</b>	2.4
Income tax provision (benefit)	<b>0.0</b>	0.0	<b>(14.3)</b>	0.5
Total discontinued operations	<b>0.0</b>	0.0	<b>14.3</b>	1.9
<b>Net income</b>	<b>\$30.8</b>	\$72.8	<b>\$371.2</b>	\$263.9
<b>Average common shares outstanding - basic (millions)</b>	<b>209.7</b>	208.6	<b>209.3</b>	208.2
<b>Average common shares outstanding - diluted (millions)</b>	<b>210.6</b>	209.6	<b>210.2</b>	209.0
<b>Earnings per average common share outstanding:</b>				
Earnings per share from continuing operations -- basic	<b>0.15</b>	0.35	<b>1.70</b>	1.26
Earnings per share from continuing operations -- diluted	<b>0.15</b>	0.35	<b>1.70</b>	1.25
Earnings per share -- basic	<b>0.15</b>	0.35	<b>1.77</b>	1.27
Earnings per share -- diluted	<b>0.15</b>	0.35	<b>1.77</b>	1.26

**TECO ENERGY, Inc.**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**

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

(millions)	Mar-31-2008	Dec-31-2007
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$118.1	\$162.6
Restricted cash	7.5	7.4
Short-term investments	2.3	0.0
Receivables	309.9	295.9
Crude oil options receivable, net	0.0	78.5
Inventories at average cost		
Fuel	78.7	85.8
Materials and supplies	68.1	68.2
Current derivative assets	72.2	0.3
Income tax receivables	0.7	0.7
Prepayments and other current assets	21.9	23.0
Current regulatory assets	55.3	67.4
Total current assets	<u>734.7</u>	<u>789.8</u>
<b>Property, plant and equipment</b>		
Utility plant in service		
Electric	5,256.9	5,275.2
Gas	925.4	917.4
Construction work in progress	427.2	364.8
Other property	344.6	336.4
Property plant and equipment at original cost	6,954.1	6,893.8
Accumulated depreciation	(2,001.8)	(2,005.6)
Total property, plant and equipment, net	<u>4,952.3</u>	<u>4,888.2</u>
<b>Other assets</b>		
Deferred income taxes	416.3	424.9
Other investments	22.0	22.9
Long-term regulatory assets	186.7	186.8
Investment in unconsolidated affiliates	246.0	275.5
Goodwill	59.4	59.4
Long-term derivative assets	8.4	1.9
Deferred charges and other assets	116.6	115.8
Total other assets	<u>1,055.4</u>	<u>1,087.2</u>
<b>Total assets</b>	<u><b>\$6,742.4</b></u>	<u><b>\$6,765.2</b></u>
<b>Liabilities and capital</b>		
<b>Current liabilities</b>		
Long-term debt due within one year		
Recourse	\$5.7	\$5.7
Non-recourse	1.4	1.4
Notes payable	18.0	25.0
Accounts payable	282.2	302.1
Other current liabilities	15.3	18.0
Customer deposits	141.1	138.1
Current derivative liabilities	16.3	26.0
Interest accrued	65.4	32.7
Taxes accrued	34.5	33.2
Current regulatory liabilities	102.9	35.4
Total current liabilities	<u>682.8</u>	<u>617.6</u>
<b>Other liabilities</b>		
Investment tax credits	11.4	12.2
Long-term regulatory liabilities	590.8	582.7
Long-term derivative liabilities	0.1	0.1
Deferred credits and other liabilities	402.2	377.2
Long-term debt, less amount due within one year		
Recourse	3,054.4	3,149.4
Non-recourse	7.7	9.0
Total other liabilities	<u>4,066.6</u>	<u>4,130.6</u>
<b>Total Liabilities</b>	<u><b>4,749.4</b></u>	<u><b>4,748.2</b></u>
<b>Capital</b>		
Common equity	210.7	210.9
Additional paid in capital	1,493.1	1,489.2
Retained earnings	323.8	334.1
Accumulated other comprehensive loss	(34.6)	(17.2)
Total capital	<u>1,993.0</u>	<u>2,017.0</u>
<b>Total liabilities and capital</b>	<u><b>\$6,742.4</b></u>	<u><b>\$6,765.2</b></u>
<b>Book Value Per Share</b>	<b>\$9.46</b>	<b>\$9.57</b>

**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 March 31,		Twelve Months Ended March 31,	
	2008	2007	2008	2007
<b>Cash flows from operating activities</b>				
Net income	\$30.8	\$72.8	\$371.2	\$263.9
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	65.0	71.6	257.0	283.5
Deferred income taxes	15.5	29.3	171.0	120.0
Investment tax credits, net	(0.7)	(0.6)	(2.6)	(2.6)
Allowance for other funds used during construction	(1.3)	(1.7)	(4.1)	(4.3)
Non-cash stock compensation	2.4	2.5	11.5	11.3
Gain on sales of business / assets, pretax	(1.0)	(24.3)	(222.8)	(75.1)
Noncash debt extinguishment / exchange, pretax	0.0	0.0	2.6	2.5
Equity in earnings of unconsolidated affiliates	14.8	4.8	(7.9)	(8.5)
Minority interest	0.0	(23.5)	(58.7)	(71.2)
Derivatives marked to market	0.0	(18.8)	(63.8)	(14.4)
Deferred recovery clause	(11.4)	12.8	99.5	(12.5)
Receivables, less allowance for uncollectibles	(13.1)	15.7	22.3	(7.4)
Inventories	7.2	(42.2)	39.7	(52.5)
Prepayments and other current assets	1.0	1.8	2.5	(6.0)
Taxes accrued	1.3	29.4	(1.6)	(4.1)
Interest accrued	32.7	35.8	(20.9)	4.5
Accounts payable	(5.6)	(36.4)	(41.2)	38.3
Other	15.4	29.9	(5.6)	72.2
	<b>153.0</b>	<b>158.9</b>	<b>548.1</b>	<b>537.6</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(136.9)	(134.5)	(496.7)	(512.0)
Allowance for other funds used during construction	1.3	1.7	4.1	4.3
Net proceeds from sale of business / assets	(7.3)	7.9	390.0	90.3
Restricted cash	0.0	0.0	29.9	(0.1)
Distributions from unconsolidated affiliates	13.2	14.0	26.7	21.3
Other investments	76.3	(43.8)	119.6	(51.6)
	<b>(53.4)</b>	<b>(154.7)</b>	<b>73.6</b>	<b>(447.8)</b>
<b>Cash flows from financing activities</b>				
Dividends	(41.1)	(39.8)	(164.3)	(158.9)
Proceeds from sale of common stock	1.3	3.6	11.8	14.5
Proceeds from long-term debt	190.8	0.0	634.9	244.0
Repayment of long-term debt / Purchase in lieu of redemption	(288.1)	(72.8)	(1,352.8)	(184.9)
Debt exchange premiums	0.0	0.0	(21.2)	0.0
Minority interest	0.0	21.8	59.4	62.6
Net increase (decrease) in short-term debt	(7.0)	3.0	(33.0)	(99.0)
	<b>(144.1)</b>	<b>(84.2)</b>	<b>(865.2)</b>	<b>(121.7)</b>
Net decrease in cash and cash equivalents	(44.5)	(80.0)	(243.5)	(31.9)
Cash and cash equivalents at beginning of period	162.6	441.6	361.6	393.5
Cash and cash equivalents at end of period	<b>\$118.1</b>	<b>\$361.6</b>	<b>\$118.1</b>	<b>\$361.6</b>

# TECO ENERGY, Inc.

## SEGMENT INFORMATION (Unaudited)

<i>(millions)</i>	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	TECO Transport <sup>(1)</sup>	Other & Eliminations	TECO Energy
<b>Three months ended Mar. 31,</b>							
<b>2008</b>							
Revenues - outsiders	\$ 461.2	\$ 179.0	\$ 149.1	\$ 2.3	\$ -	\$ 0.1	\$ 791.7
Sales to affiliates	0.3	-	-	-	-	(0.3)	-
Total revenues	461.5	179.0	149.1	2.3	-	(0.2)	791.7
Equity Earnings in Unconsolidated Affiliates	-	-	-	17.4	-	-	17.4
Depreciation	45.2	10.3	9.2	0.2	-	0.1	65.0
Total interest charges <sup>(1)</sup>	29.4	4.2	2.5	3.8	-	17.8	57.7
Allocated interest expense <sup>(1)</sup>	-	-	2.3	3.8	-	(6.1)	-
Provision (Benefit) for income taxes	8.5	6.4	1.9	1.9	-	(5.6)	13.1
Net income (loss) from continuing operations	\$ 15.9	\$ 10.0	\$ 7.5	\$ 10.5	\$ -	\$ (13.1) <sup>(5)(6)</sup>	\$ 30.8
<b>2007</b>							
Revenues - outsiders	\$ 471.4	\$ 169.2	\$ 127.5	\$ 1.9	\$ 51.3	\$ -	\$ 821.3
Sales to affiliates	0.5	-	-	-	24.0	(24.5)	-
Total revenues	471.9	169.2	127.5	1.9	75.3	(24.5)	821.3
Equity Earnings in Unconsolidated Affiliates	-	-	-	16.1	0.1	-	16.2
Depreciation	46.4	9.8	9.5	0.2	5.6	0.1	71.6
Total interest charges <sup>(1)</sup>	26.8	4.1	2.8	3.8	1.4	28.2	67.1
Allocated interest expense <sup>(1)</sup>	-	-	2.6	3.7	(0.2)	(6.1)	-
Provision (Benefit) for income taxes	11.0	6.9	20.0	1.3	1.5	(8.9)	31.8
Net income (loss) from continuing operations	\$ 21.8	\$ 11.0	\$ 42.4	\$ 10.3	\$ 6.4 <sup>(3)</sup>	\$ (19.1)	\$ 72.8
<b>Twelve months ended Mar. 31,</b>							
<b>2008</b>							
Revenues - outsiders	\$ 2,176.4	\$ 609.5	\$ 566.1	\$ 8.4	\$ 145.8	\$ 0.3	\$ 3,506.5
Sales to affiliates	1.7	-	-	-	69.2	(70.9)	-
Total revenues	2,178.1	609.5	566.1	8.4	215.0	(70.6)	3,506.5
Equity Earnings in Unconsolidated Affiliates	-	-	-	69.8	(0.1)	-	69.7
Depreciation	177.5	40.5	38.0	0.5	-	0.5	257.0
Total interest charges <sup>(1)</sup>	114.8	17.1	12.2	15.2	3.5	85.6	248.4
Allocated interest expense <sup>(1)</sup>	-	-	11.3	14.9	1.1	(27.3)	-
Provision (Benefit) for income taxes	82.7	15.9	28.1	8.4	12.0	48.4	195.5
Net income (loss) from continuing operations	\$ 144.3	\$ 25.6	\$ 56.0	\$ 44.9	\$ 27.5	\$ 58.6 <sup>(5)(6)</sup>	\$ 356.9
<b>2007</b>							
Revenues - outsiders	\$ 2,097.9	\$ 560.5	\$ 562.2	\$ 7.3	\$ 204.7	\$ 0.4	\$ 3,433.0
Sales to affiliates	2.1	-	-	-	103.9	(106.0)	-
Total revenues	2,100.0	560.5	562.2	7.3	308.6	(105.6)	3,433.0
Equity Earnings in Unconsolidated Affiliates	-	-	-	60.4	(0.2)	0.3	60.5
Depreciation	186.3	37.3	36.8	0.6	22.2	0.3	283.5
Total interest charges <sup>(1)</sup>	107.8	15.9	10.9	15.1	4.7	122.1	276.5
Allocated interest expense <sup>(1)</sup>	-	-	10.1	14.6	(1.4)	(23.3)	-
Provision (Benefit) for income taxes	78.3	17.8	45.9	8.9	11.5	(34.7)	127.7
Net income (loss) from continuing operations	\$ 135.2	\$ 28.1	\$ 96.5	\$ 39.3 <sup>(4)</sup>	\$ 24.1 <sup>(2)(3)</sup>	\$ (61.2) <sup>(4)</sup>	\$ 262.0

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Allocated interest is included in "Total interest charges".

(2) TECO Transport's results include net storm costs of \$0.2 million for the 12 months ended Mar. 31, 2007.

(3) 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.

(4) Results for the 12 months ended Mar. 31, 2007 include a \$3.1 million gain on the sale of a steam turbine originally reported in TECO Guatemala in the fourth quarter of 2006, a \$2.6 million gain on the sale of another steam turbine originally reported in TECO Guatemala in the third quarter of 2006 and an \$8.1 million gain on the sale of the McAdams Power Station taking place in the second quarter of 2006.

(5) Results for the 12 months ended Mar. 31, 2008 include \$15.2 million in after-tax transaction costs related to the sale of TECO Transport (\$8.3 in the second quarter of 2007, \$2.9 in the third quarter of 2007, \$3.3 in the fourth quarter of 2007, and \$0.7 in the first quarter of 2008).

(6) Results for the 12 months ended Mar. 31, 2008 include the \$149.6 million gain on the sale of TECO Transport and \$20.2 million of debt extinguishment costs.

(7) As a result of the sale, TECO Transport's results are through Dec. 3, 2007.

**TAMPA ELECTRIC COMPANY**  
**ELECTRIC OPERATING STATISTICS (Unaudited)**

<b>Three Months Ended March 31,</b>	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 206,996	\$ 216,263	(4.3)	1,778,087	1,862,619	(4.5)
Commercial	147,473	146,607	0.6	1,468,015	1,458,836	0.6
Industrial -- Phosphate	16,622	18,773	(11.5)	244,636	271,363	(9.8)
Industrial -- Other	27,319	28,660	(4.7)	305,831	319,690	(4.3)
Other sales of electricity	42,606	40,457	5.3	418,585	391,999	6.8
	<b>441,016</b>	<b>450,760</b>	<b>(2.2)</b>	<b>4,215,154</b>	<b>4,304,507</b>	<b>(2.1)</b>
Deferred and other revenues	(7,255)	(3,573)	--	--	--	--
Sales for resale	16,036	15,567	3.0	189,146	198,074	(4.5)
Other operating revenue	10,792	9,160	17.8	--	--	--
SO2 Allowance Sales	963	0	--	--	--	--
	<b>\$ 461,552</b>	<b>\$ 471,914</b>	<b>(2.2)</b>	<b>4,404,300</b>	<b>4,502,581</b>	<b>(2.2)</b>
Average customers	<b>668,940</b>	664,740	<b>0.6</b>	--	--	--
Retail Net Energy For Load				<b>4,357,664</b>	4,412,323	<b>(1.2)</b>
Total Degree Days				<b>520</b>	584	<b>(11.0)</b>

<b>Twelve Months Ended March 31,</b>	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 1,008,674	\$ 968,393	4.2	8,786,685	8,739,383	0.5
Commercial	654,491	615,604	6.3	6,550,704	6,422,044	2.0
Industrial -- Phosphate	70,832	66,925	5.8	1,023,143	1,006,756	1.6
Industrial -- Other	116,842	115,349	1.3	1,301,782	1,350,308	(3.6)
Other sales of electricity	180,502	165,916	8.8	1,781,086	1,689,889	5.4
	<b>2,031,341</b>	<b>1,932,187</b>	<b>5.1</b>	<b>19,443,400</b>	<b>19,208,380</b>	<b>1.2</b>
Deferred and other revenues	(55,419)	59,081	--	--	--	--
Sales for resale	69,462	66,150	5.0	896,210	799,029	12.2
Other operating revenue	40,625	38,279	6.1	--	--	--
SO2 Allowance Sales	92,061	4,268	--	--	--	--
	<b>\$ 2,178,070</b>	<b>\$ 2,099,965</b>	<b>3.7</b>	<b>20,339,610</b>	<b>20,007,409</b>	<b>1.7</b>
Average customers	<b>667,403</b>	657,691	<b>1.5</b>	--	--	--
Retail Net Energy For Load				<b>20,393,784</b>	20,174,411	<b>1.1</b>
Total Degree Days				<b>4,190</b>	4,124	<b>1.6</b>

\* in thousands

## PEOPLES GAS SYSTEM GAS OPERATING STATISTICS (Unaudited)

Three Months Ended March 31,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<i><b>By Customer Segment:</b></i>						
Residential	\$ 48,772	\$ 54,332	(10.2)	27,785	29,155	(4.7)
Commercial	44,365	50,225	(11.7)	106,996	107,500	(0.5)
Industrial	2,219	2,523	(12.0)	46,722	51,388	(9.1)
Off System Sales	68,574	46,789	46.6	78,542	62,731	25.2
Power generation	3,370	2,776	21.4	106,725	65,451	63.1
Other revenues	9,838	10,846	(9.3)	--	--	--
	<b>\$ 177,138</b>	<b>\$ 167,491</b>	<b>5.8</b>	<b>366,770</b>	<b>316,225</b>	<b>16.0</b>
<i><b>By Sales Type:</b></i>						
System supply	\$ 142,686	\$ 132,636	7.6	123,922	112,093	10.6
Transportation	24,614	24,009	2.5	242,848	204,132	19.0
Other revenues	9,838	10,846	(9.3)	--	--	--
	<b>\$ 177,138</b>	<b>\$ 167,491</b>	<b>5.8</b>	<b>366,770</b>	<b>316,225</b>	<b>16.0</b>
Average customers	336,123	335,098	0.3	--	--	--

Twelve Months Ended March 31,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<i><b>By Customer Segment:</b></i>						
Residential	\$ 134,600	\$ 138,045	(2.5)	68,717	70,962	(3.2)
Commercial	152,531	158,577	(3.8)	370,436	373,604	(0.8)
Industrial	9,370	11,099	(15.6)	181,678	202,659	(10.4)
Off System Sales	254,576	190,176	33.9	319,297	252,982	26.2
Power generation	15,237	13,949	9.2	512,961	394,528	30.0
Other revenues	36,362	42,712	(14.9)	--	--	--
	<b>\$ 602,676</b>	<b>\$ 554,558</b>	<b>8.7</b>	<b>1,453,089</b>	<b>1,294,735</b>	<b>12.2</b>
<i><b>By Sales Type:</b></i>						
System supply	\$ 475,591	\$ 422,990	12.4	449,695	393,538	14.3
Transportation	90,723	88,856	2.1	1,003,394	901,197	11.3
Other revenues	36,362	42,712	(14.9)	--	--	--
	<b>\$ 602,676</b>	<b>\$ 554,558</b>	<b>8.7</b>	<b>1,453,089</b>	<b>1,294,735</b>	<b>12.2</b>
Average customers	334,599	330,798	1.1	--	--	--

\* in thousands